

110TH CONGRESS
2D SESSION

H. R. 6428

To provide for State enhanced authority for coastal and ocean resources, expansion of America's supply of natural gas and oil, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 8, 2008

Mr. SCALISE introduced the following bill; which was referred to the Committee on Natural Resources, and in addition to the Committees on Ways and Means, Energy and Commerce, Armed Services, and the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To provide for State enhanced authority for coastal and ocean resources, expansion of America's supply of natural gas and oil, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Grow American Supply Act”.

6 (b) TABLE OF CONTENTS.—The table of contents for
7 this Act is as follows:

Sec. 1. Short title.

- Sec. 2. Policy.
- Sec. 3. Definitions under the Submerged Lands Act.
- Sec. 4. Seaward boundaries of States.
- Sec. 5. Exceptions from confirmation and establishment of States' title, power, and rights.
- Sec. 6. Definitions under the Outer Continental Shelf Lands Act.
- Sec. 7. Determination of Adjacent Zones and Planning Areas.
- Sec. 8. Administration of leasing.
- Sec. 9. Grant of leases by Secretary.
- Sec. 10. Disposition of receipts.
- Sec. 11. Review of Outer Continental Shelf exploration plans.
- Sec. 12. Reservation of lands and rights.
- Sec. 13. Outer Continental Shelf leasing program.
- Sec. 14. Coordination with Adjacent States.
- Sec. 15. Environmental studies.
- Sec. 16. Review of Outer Continental Shelf development and production plans.
- Sec. 17. Termination of effect of laws prohibiting the spending of appropriated funds for certain purposes.
- Sec. 18. Outer Continental Shelf incompatible use.
- Sec. 19. Repurchase of certain leases.
- Sec. 20. Offsite environmental mitigation.
- Sec. 21. Regulation of onshore surface-disturbing activities.
- Sec. 22. Authority to use decommissioned offshore oil and gas platforms and other facilities for artificial reef, scientific research, or other uses.
- Sec. 23. OCS regional headquarters.
- Sec. 24. Oil shale and tar sands amendments.
- Sec. 25. Buy and build American.
- Sec. 26. Repeal of the Gulf of Mexico Energy Security Act of 2006.
- Sec. 27. Royalty-in-kind.
- Sec. 28. Mandatory issuance of regulations promoting production of natural gas from gas hydrates.
- Sec. 29. Mandatory issuance of regulations promoting enhanced oil and natural gas production through carbon dioxide injection.
- Sec. 30. Minimum rental rates for future oil, gas, and coal Federal leases.
- Sec. 31. Outer Continental Shelf discharges and emissions.
- Sec. 32. Onshore oil and gas royalties.
- Sec. 33. OCS joint permitting offices.

1 SEC. 2. POLICY.

2 It is the policy of the United States that—

- 3** (1) the United States is blessed with abundant
- 4** energy resources on the outer Continental Shelf and
- 5** has developed a comprehensive framework of envi-
- 6** ronmental laws and regulations and fostered the de-
- 7** velopment of state-of-the-art technology that allows

1 for the responsible development of these resources
2 for the benefit of its citizenry;

3 (2) adjacent States are required by the cir-
4 cumstances to commit significant resources in sup-
5 port of exploration, development, and production ac-
6 tivities for mineral resources on the outer Conti-
7 nental Shelf, and it is fair and proper for a portion
8 of the receipts from such activities to be shared with
9 Adjacent States and their local coastal governments;

10 (3) the existing laws governing the leasing and
11 production of the mineral resources of the outer
12 Continental Shelf have reduced the production of
13 mineral resources, have preempted Adjacent States
14 from being sufficiently involved in the decisions re-
15 garding the allowance of mineral resource develop-
16 ment, and have been harmful to the national inter-
17 est;

18 (4) the national interest is served by granting
19 the Adjacent States more options related to whether
20 or not mineral leasing should occur in the outer
21 Continental Shelf within their Adjacent Zones;

22 (5) it is not reasonably foreseeable that explo-
23 ration of a leased tract located more than 25 miles
24 seaward of the coastline, development and produc-
25 tion of a natural gas discovery located more than 25

1 miles seaward of the coastline, or development and
2 production of an oil discovery located more than 50
3 miles seaward of the coastline will adversely affect
4 resources near the coastline;

5 (6) transportation of oil from a leased tract
6 might reasonably be foreseen, under limited cir-
7 cumstances, to have the potential to adversely affect
8 resources near the coastline if the oil is within 50
9 miles of the coastline, but such potential to adversely
10 affect such resources is likely no greater, and prob-
11 ably less, than the potential impacts from tanker
12 transportation because tanker spills usually involve
13 large releases of oil over a brief period of time; and

14 (7) among other bodies of inland waters, the
15 Great Lakes, Long Island Sound, Delaware Bay,
16 Chesapeake Bay, Albemarle Sound, San Francisco
17 Bay, and Puget Sound are not part of the outer
18 Continental Shelf, and are not subject to leasing by
19 the Federal Government for the exploration, develop-
20 ment, and production of any mineral resources that
21 might lie beneath them.

22 **SEC. 3. DEFINITIONS UNDER THE SUBMERGED LANDS ACT.**

23 Section 2 of the Submerged Lands Act (43 U.S.C.
24 1301) is amended—

1 (1) in paragraph (2) of subsection (a) by strik-
2 ing all after “seaward to a line” and inserting
3 “twelve nautical miles distant from the coast line;”;

4 (2) by striking subsection (b) and redesignating
5 the subsequent subsections in order as subsections
6 (b) through (g);

7 (3) by striking the period at the end of sub-
8 section (g) (as so redesignated) and inserting “;
9 and”;

10 (4) by adding the following:

11 “(i) The term ‘Secretary’ means the Secretary of the
12 Interior.”; and

13 (5) by defining “State” as it is defined in sec-
14 tion 2(r) of the Outer Continental Shelf Lands Act
15 (43 U.S.C. 1331(r)).

16 **SEC. 4. SEAWARD BOUNDARIES OF STATES.**

17 Section 4 of the Submerged Lands Act (43 U.S.C.
18 1312) is amended—

19 (1) in the first sentence by striking “original”,
20 and in the same sentence by striking “three geo-
21 graphical” and inserting “twelve nautical”; and

22 (2) by striking all after the first sentence and
23 inserting the following: “Extension and delineation
24 of lateral offshore State boundaries under the provi-
25 sions of this Act shall follow the lines used to deter-

1 mine the Adjacent Zones of coastal States under the
 2 Outer Continental Shelf Lands Act to the extent
 3 such lines extend twelve nautical miles for the near-
 4 est coastline.”.

5 **SEC. 5. EXCEPTIONS FROM CONFIRMATION AND ESTAB-**
 6 **LISHMENT OF STATES’ TITLE, POWER, AND**
 7 **RIGHTS.**

8 Section 5 of the Submerged Lands Act (43 U.S.C.
 9 1313) is amended—

10 (1) by redesignating subsections (a) through (c)
 11 in order as paragraphs (1) through (3);

12 (2) by inserting “(a)” before “There is ex-
 13 cepted”; and

14 (3) by inserting at the end the following:

15 “(b) EXCEPTION OF OIL AND GAS MINERAL
 16 RIGHTS.—There is excepted from the operation of sections
 17 3 and 4 all of the oil and gas mineral rights for lands
 18 beneath the navigable waters that are located within the
 19 expanded offshore State seaward boundaries established
 20 under this Act. These oil and gas mineral rights shall re-
 21 main Federal property and shall be considered to be part
 22 of the Federal outer Continental Shelf for purposes of the
 23 Outer Continental Shelf Lands Act (43 U.S.C. 1331 et
 24 seq.) and subject to leasing under the authority of that
 25 Act and to laws applicable to the leasing of the oil and

1 gas resources of the Federal outer Continental Shelf. All
 2 existing Federal oil and gas leases within the expanded
 3 offshore State seaward boundaries shall continue un-
 4 changed by the provisions of this Act, except as otherwise
 5 provided herein. However, a State may exercise all of its
 6 sovereign powers of taxation within the entire extent of
 7 its expanded seaward State boundaries.”.

8 **SEC. 6. DEFINITIONS UNDER THE OUTER CONTINENTAL**
 9 **SHELF LANDS ACT.**

10 Section 2 of the Outer Continental Shelf Lands Act
 11 (43 U.S.C. 1331) is amended—

12 (1) by amending subsection (f) to read as fol-
 13 lows:

14 “(f) The term ‘affected State’ means the Adjacent
 15 State.”;

16 (2) by striking the semicolon at the end of each
 17 of subsections (a) through (o) and inserting a pe-
 18 riod;

19 (3) by striking “; and” at the end of subsection
 20 (p) and inserting a period;

21 (4) by adding at the end the following:

22 “(r) The term ‘Adjacent State’ means, with respect
 23 to any program, plan, lease sale, leased tract or other ac-
 24 tivity, proposed, conducted, or approved pursuant to the
 25 provisions of this Act, any State the laws of which are

1 declared, pursuant to section 4(a)(2), to be the law of the
2 United States for the portion of the outer Continental
3 Shelf on which such program, plan, lease sale, leased tract
4 or activity appertains or is, or is proposed to be, con-
5 ducted. For purposes of this Act, the term ‘State’ includes
6 all States having a coastline contiguous to the Arctic, At-
7 lantic, and Pacific Oceans and the Gulf of Mexico, the
8 Commonwealth of Puerto Rico, the Commonwealth of the
9 Northern Mariana Islands, the Virgin Islands, American
10 Samoa, Guam, the other Territories of the United States,
11 and the District of Columbia.

12 “(s) The term ‘Adjacent Zone’ means, with respect
13 to any program, plan, lease sale, leased tract, or other ac-
14 tivity, proposed, conducted, or approved pursuant to the
15 provisions of this Act, the portion of the outer Continental
16 Shelf for which the laws of a particular Adjacent State
17 are declared, pursuant to section 4(a)(2), to be the law
18 of the United States.

19 “(t) The term ‘miles’ means statute miles.

20 “(u) The term ‘coastline’ has the same meaning as
21 the term ‘coast line’ as defined in section 2(c) of the Sub-
22 merged Lands Act (43 U.S.C. 1301(c)).

23 “(v) The term ‘Neighboring State’ means a coastal
24 State having a common boundary at the coastline with the
25 Adjacent State.”; and

1 (5) in subsection (a), by inserting after “con-
2 trol” the following: “or lying within the United
3 States’ Exclusive Economic Zone and outer Conti-
4 nental Shelf adjacent to the Commonwealth of Puer-
5 to Rico, the Commonwealth of the Northern Mar-
6 iana Islands, the Virgin Islands, American Samoa,
7 Guam, and the other Territories of the United
8 States”.

9 **SEC. 7. DETERMINATION OF ADJACENT ZONES AND PLAN-**
10 **NING AREAS.**

11 Section 4(a)(2)(A) of the Outer Continental Shelf
12 Lands Act (43 U.S.C. 1333(a)(2)(A)) is amended in the
13 first sentence by striking “, and the President” and all
14 that follows through the end of the sentence and inserting
15 the following: “. The lines extending seaward and defining
16 each State’s Adjacent Zone, and each OCS Planning Area,
17 are as indicated on the maps for each outer Continental
18 Shelf region entitled ‘Alaska OCS Region State Adjacent
19 Zone and OCS Planning Areas’, ‘Pacific OCS Region
20 State Adjacent Zones and OCS Planning Areas’, ‘Gulf of
21 Mexico OCS Region State Adjacent Zones and OCS Plan-
22 ning Areas’, and ‘Atlantic OCS Region State Adjacent
23 Zones and OCS Planning Areas’, all of which are dated
24 September 2005 and on file in the Office of the Director,
25 Minerals Management Service. The Secretary shall des-

1 designate the Adjacent Zones of States, and additional OCS
 2 Planning Areas, for parts of the United States' Exclusive
 3 Economic Zone and outer Continental Shelf not covered
 4 by the referenced maps.”.

5 **SEC. 8. ADMINISTRATION OF LEASING.**

6 Section 5 of the Outer Continental Shelf Lands Act
 7 (43 U.S.C. 1334) is amended by adding at the end the
 8 following:

9 “(k) VOLUNTARY PARTIAL RELINQUISHMENT OF A
 10 LEASE.—Any lessee of a producing lease may relinquish
 11 to the Secretary any portion of a lease that the lessee has
 12 no interest in producing and that the Secretary finds is
 13 geologically prospective. In return for any such relinquis-
 14 ment, the Secretary shall provide to the lessee a royalty
 15 incentive for the portion of the lease retained by the lessee,
 16 in accordance with regulations promulgated by the Sec-
 17 retary to carry out this subsection. The Secretary shall
 18 publish final regulations implementing this subsection
 19 within 365 days after the date of enactment of the Grow
 20 American Supply Act.

21 “(l) NATURAL GAS LEASE REGULATIONS.—Not later
 22 than July 1, 2009, the Secretary shall publish a final regu-
 23 lation that shall—

24 “(1) establish procedures for entering into nat-
 25 ural gas leases;

1 “(2) ensure that natural gas leases are only
2 available for tracts on the outer Continental Shelf
3 that are wholly within 75 miles of the coastline with-
4 in an area withdrawn from disposition by leasing on
5 the day after the date of enactment of the Grow
6 American Supply Act;

7 “(3) provide that natural gas leases shall con-
8 tain the same rights and obligations established for
9 oil and gas leases, except as otherwise provided in
10 the Grow American Supply Act;

11 “(4) provide that, in reviewing the adequacy of
12 bids for natural gas leases, the value of any crude
13 oil estimated to be contained within any tract shall
14 be excluded;

15 “(5) provide that any crude oil produced from
16 a well and reinjected into the leased tract shall not
17 be subject to payment of royalty, and that the Sec-
18 retary shall consider, in setting the royalty rates for
19 a natural gas lease, the additional cost to the lessee
20 of not producing any crude oil; and

21 “(6) provide that any Federal law that applies
22 to an oil and gas lease on the outer Continental
23 Shelf shall apply to a natural gas lease unless other-
24 wise clearly inapplicable.”.

1 **SEC. 9. GRANT OF LEASES BY SECRETARY.**

2 Section 8 of the Outer Continental Shelf Lands Act
3 (43 U.S.C. 1337) is amended—

4 (1) in subsection (a)(1) by inserting after the
5 first sentence the following: “Further, the Secretary
6 may grant natural gas leases in a manner similar to
7 the granting of oil and gas leases and under the var-
8 ious bidding systems available for oil and gas
9 leases.”;

10 (2) in subsection (a)(1) by striking “12½ per
11 centum” in each occurrence and inserting “16⅔ per
12 centum” for each;

13 (3) in subsection (a)(1) by redesignating sub-
14 paragraph (I) as subparagraph (J), and inserting
15 the following new subparagraph (I):

16 “(I) cash bonus bid with royalty fixed by
17 the Secretary at 18¾ per centum in the
18 amount or value of production saved, removed,
19 or sold, subject to the following adjustments:

20 “(i) if the arithmetic average of the
21 closing prices on the New York Mercantile
22 Exchange for light sweet crude oil, or a
23 similar index as determined by the Sec-
24 retary, for the 365 days prior to issuance
25 of the final notice of lease sale exceeded
26 \$150.00 per barrel (in January 1, 2008,

1 dollars), the royalty rate shall be fixed by
2 the Secretary at 20 per centum in the
3 amount or value of production, removed, or
4 sold;

5 “(ii) if the arithmetic average of the
6 closing prices on the New York Mercantile
7 Exchange for light sweet crude oil, or a
8 similar index as determined by the Sec-
9 retary, for the 365 days prior to issuance
10 of the final notice of lease sale was less
11 than \$75.00 per barrel (in January 1,
12 2008, dollars), the royalty rate shall be
13 fixed by the Secretary at 17½ per centum
14 in the amount or value of production, re-
15 moved, or sold;

16 “(iii) the royalty rate fixed in the
17 lease shall be reduced up to 4 per centum
18 as follows:

19 “(I) 100 per centum of this
20 amount if the first production well is
21 spudded within 3 years after issuance
22 of the lease,

23 “(II) 75 per centum of this
24 amount if the first production well is

1 spudded between 3 and 4 years after
2 issuance of the lease,

3 “(III) 50 per centum of this
4 amount if the first production well is
5 spudded between 4 and 5 years after
6 issuance of the lease, and

7 “(IV) 25 per centum of this
8 amount if the first production well is
9 spudded between 5 and 6 years after
10 issuance of the lease.”;

11 (4) in subsection (a) by adding the following:

12 “(9) The Secretary shall use only the bidding
13 system provided for in paragraph (1)(I) of this sub-
14 section for all lease sales conducted from January 1,
15 2009, through January 1, 2019. However, the Sec-
16 retary may reduce the royalty rate fixed under that
17 bidding system by up to 2 per centum for tracts lo-
18 cated in frontier areas, as determined by the Sec-
19 retary, if the Secretary finds that the royalty rate
20 otherwise fixed by the bidding system would likely
21 significantly reduce production resulting from use of
22 such bidding system in frontier areas.

23 “(10) The royalty rate for leases in effect on
24 January 1, 2009, having a royalty rate of 18¾ per
25 centum, that have not spudded the first production

1 well prior to July 1, 2008, shall be reduced up to
2 4 per centum as follows:

3 “(A) 100 per centum of this amount if the
4 first production well is spudded within 3 years
5 after issuance of the lease,

6 “(B) 75 per centum of this amount if the
7 first production well is spudded between 3 and
8 4 years after issuance of the lease,

9 “(C) 50 per centum of this amount if the
10 first production well is spudded between 4 and
11 5 years after issuance of the lease, and

12 “(D) 25 per centum of this amount if the
13 first production well is spudded between 5 and
14 6 years after issuance of the lease.

15 “(11) The royalty rate for leases in effect on
16 January 1, 2009, having a royalty rate of less than
17 $18\frac{3}{4}$ per centum, that have not spudded the first
18 production well prior to July 1, 2008, shall be re-
19 duced by up to 2 per centum as follows:

20 “(A) 100 per centum of this amount if the
21 first production well is spudded within 3 years
22 after issuance of the lease,

23 “(B) 75 per centum of this amount if the
24 first production well is spudded between 3 and
25 4 years after issuance of the lease,

1 “(C) 50 per centum of this amount if the
2 first production well is spudded between 4 and
3 5 years after issuance of the lease,

4 “(D) 25 per centum of this amount if the
5 first production well is spudded between 5 and
6 6 years after issuance of the lease.”;

7 (5) by adding at the end of subsection (b) the
8 following: “The Secretary may issue more than one
9 lease for a given tract if each lease applies to a sepa-
10 rate and distinct range of vertical depths, horizontal
11 surface area, or a combination of the two. The Sec-
12 retary may issue regulations that the Secretary de-
13 termines are necessary to manage such leases con-
14 sistent with the purposes of this Act.”;

15 (6) by amending subsection (p)(2)(B) to read
16 as follows:

17 “(B) The Secretary shall provide for the
18 payment to coastal states, and their local coast-
19 al governments, of 50 percent of Federal re-
20 ceipts from projects authorized under this sec-
21 tion located within the area extending seaward
22 of State submerged lands. Payments shall be
23 based on a formula established by the Secretary
24 by rulemaking no later than 180 days after the
25 date of enactment of the that provides for equi-

1 table distribution, based on proximity to the
2 project, among coastal states that have a coast-
3 line that is located within 200 miles of the geo-
4 graphic center of the project.”; and
5 (7) by adding at the end the following:

6 “(q) NATURAL GAS LEASES.—

7 “(1) RIGHT TO PRODUCE NATURAL GAS.—A
8 lessee of a natural gas lease shall have the right to
9 produce the natural gas from a field on a natural
10 gas leased tract if the Secretary estimates that the
11 discovered field has at least 40 percent of the eco-
12 nomically recoverable Btu content of the field con-
13 tained within natural gas and such natural gas is ec-
14 onomical to produce.

15 “(2) CRUDE OIL.—A lessee of a natural gas
16 lease may not produce crude oil from the lease un-
17 less the Governor of the Adjacent State agrees to
18 such production.

19 “(3) ESTIMATES OF BTU CONTENT.—The Sec-
20 retary shall make estimates of the natural gas Btu
21 content of discovered fields on a natural gas lease
22 only after the completion of at least one exploration
23 well, the data from which has been tied to the re-
24 sults of a three-dimensional seismic survey of the
25 field. The Secretary may not require the lessee to

1 further delineate any discovered field prior to mak-
2 ing such estimates.

3 “(4) DEFINITION OF NATURAL GAS.—For pur-
4 poses of a natural gas lease, natural gas means nat-
5 ural gas and all substances produced in association
6 with gas, including, but not limited to, hydrocarbon
7 liquids (other than crude oil) that are obtained by
8 the condensation of hydrocarbon vapors and sepa-
9 rate out in liquid form from the produced gas
10 stream.

11 “(r) REMOVAL OF RESTRICTIONS ON JOINT BIDDING
12 IN CERTAIN AREAS OF THE OUTER CONTINENTAL
13 SHELF.—Restrictions on joint bidders shall no longer
14 apply to tracts determined to be ‘frontier tracts’ or other-
15 wise ‘high cost tracts’ under final regulations that shall
16 be published by the Secretary by not later than 365 days
17 after the date of enactment of the Grow American Supply
18 Act.

19 “(s) ROYALTY SUSPENSION PROVISIONS.—The Sec-
20 retary shall agree to a request by any lessee to amend
21 any lease issued for Central and Western Gulf of Mexico
22 tracts during the period of December 1, 1995, through
23 December 31, 2000, to incorporate price thresholds appli-
24 cable to royalty suspension provisions, or amend existing
25 price thresholds, in the amount of \$40.50 per barrel (Jan-

1 uary 1, 2008, dollars) for oil and for natural gas of \$6.75
 2 per million Btu (January 1, 2008, dollars). Any royalties
 3 paid because of such new or revised price thresholds shall
 4 be treated as offsetting receipts. Any royalties paid under
 5 lease price thresholds agreed to after the date of enact-
 6 ment of the Grow American Supply Act shall be subject
 7 to immediate receipts sharing under section 9, and the
 8 balance not shared under that section shall be transferred
 9 by the Secretary of the Interior to the Treasury.

10 “(t) MANDATORY PRICE THRESHOLDS FOR ROYALTY
 11 SUSPENSION VOLUMES.—After the date of enactment of
 12 the Grow American Supply Act, price thresholds shall
 13 apply to any royalty suspension volumes granted by the
 14 Secretary. Unless otherwise set by the Secretary by regu-
 15 lation or for a particular lease sale within the final notice
 16 of sale, the price thresholds shall be \$40.50 for oil (Janu-
 17 ary 1, 2008, dollars) and \$6.75 for natural gas (January
 18 1, 2008, dollars).”.

19 **SEC. 10. DISPOSITION OF RECEIPTS.**

20 Section 9 of the Outer Continental Shelf Lands Act
 21 (43 U.S.C. 1338) is amended as follows:

22 (1) By designating the existing text as sub-
 23 section (a).

1 (2) In subsection (a) (as so designated) by in-
2 serting “, if not paid as otherwise provided in this
3 title” after “receipts”.

4 (3) by adding the following:

5 “(b) TREATMENT OF OCS RECEIPTS.—

6 “(1) DEPOSIT.—The Secretary shall deposit
7 into a separate account in the Treasury the portion
8 of OCS Receipts for each fiscal year that will be
9 shared under paragraphs (2), (3), and (4).

10 “(2) PHASED-IN RECEIPTS SHARING.—

11 “(A) Beginning October 1, 2008, the Sec-
12 retary shall share OCS Receipts derived from
13 lease tracts located completely beyond 4 marine
14 leagues from any coastline in the following
15 areas:

16 “(i) On portions of the Gulf of Mexico
17 OCS Region that were available for leasing
18 under the 2002 through 2007 5-Year OCS
19 Oil and Gas Leasing Program.

20 “(ii) Lease tracts in production prior
21 to October 1, 2008, located on portions of
22 the OCS that were not available for leasing
23 under the 2002 through 2007 5-Year OCS
24 Oil and Gas Leasing Program.

1 “(iii) Lease tracts for which leases are
2 issued prior to October 1, 2008, located in
3 the Alaska OCS Region completely beyond
4 4 marine leagues from any coastline.

5 “(B) The Secretary shall share the fol-
6 lowing percentages of OCS Receipts from the
7 leases described in subparagraph (A) derived
8 during the fiscal year indicated:

9 “(i) For fiscal year 2009, 10 percent.

10 “(ii) For fiscal year 2010, 12 percent.

11 “(iii) For fiscal year 2011, 14 per-
12 cent.

13 “(iv) For fiscal year 2012, 16 percent.

14 “(v) For fiscal year 2013, 18 percent.

15 “(vi) For fiscal year 2014, 20 percent.

16 “(vii) For fiscal year 2015, 22 per-
17 cent.

18 “(viii) For fiscal year 2016, 24 per-
19 cent.

20 “(ix) For fiscal year 2017, 26 percent.

21 “(x) For fiscal year 2018 and each
22 subsequent fiscal year, 50 percent.

23 “(C) The provisions of this paragraph shall
24 not apply to leases that could not have been

1 issued but for section 5(k) of this Act or section
2 8(b) of this Act.

3 “(3) IMMEDIATE RECEIPTS SHARING.—Begin-
4 ning October 1, 2008, the Secretary shall share 50
5 percent of OCS Receipts derived from all leases lo-
6 cated completely beyond 4 marine leagues from any
7 coastline not included within the provisions of para-
8 graph (2), except that the Secretary shall only share
9 25 percent of such OCS Receipts derived from all
10 such leases within a State’s Adjacent Zone if leasing
11 is not allowed within at least 25 percent of that
12 State’s Adjacent Zone located completely within 75
13 miles of any coastline.

14 “(4) RECEIPTS SHARING FROM TRACTS WITHIN
15 4 MARINE LEAGUES OF ANY COASTLINE.—

16 “(A) AREAS DESCRIBED IN PARAGRAPH
17 (2).—Beginning October 1, 2008, and con-
18 tinuing through September 30, 2013, the Sec-
19 retary shall share with the adjacent State and
20 its coastal political subdivisions 27 percent of
21 OCS Receipts derived from all leases located
22 within 4 marine leagues from any coastline
23 within areas described in paragraph (2). For
24 each fiscal year after September 30, 2013, the
25 Secretary shall increase the percent shared in 5

1 percent increments each fiscal year until the
2 sharing rate for all leases located within 4 ma-
3 rine leagues from any coastline within areas de-
4 scribed in paragraph (2) becomes 75 percent.

5 “(B) AREAS NOT DESCRIBED IN PARA-
6 GRAPH (2).—Beginning October 1, 2008, the
7 Secretary shall share with the adjacent State
8 and its coastal political subdivisions 50 percent
9 of OCS receipts derived from all leases located
10 completely or partially within 4 marine leagues
11 from any coastline within areas not described
12 paragraph (2).

13 “(5) ALLOCATIONS.—The Secretary shall allo-
14 cate the OCS Receipts deposited into the separate
15 account established by paragraph (1) that are
16 shared under paragraphs (2) and (3) as follows:

17 “(A) BONUS BIDS.—Deposits derived from
18 bonus bids from a leased tract, including inter-
19 est thereon, shall be allocated at the end of
20 each fiscal year to the Adjacent State.

21 “(B) ROYALTIES.—Deposits derived from
22 royalties and net profit shares from a leased
23 tract, including interest thereon, shall be allo-
24 cated at the end of each fiscal year as follows:

25 “(i) 50 percent to the Adjacent State.

1 “(ii) 50 percent to all States, includ-
 2 ing the Adjacent State, having a coastline
 3 point within 300 miles of the leased tract,
 4 divided equally, if such State allows leasing
 5 within at least 25 percent of its Adjacent
 6 Zone within 75 miles of the coastline.

7 “(C) LIMITATION IF NOT ADMITTED TO
 8 THE UNION AS A STATE.—Any entity defined as
 9 a ‘State’ under section 2(r), that has not been
 10 admitted to the Union as a State shall only be
 11 entitled to one-half of a ‘State’ share under
 12 (a)(vi) and (b)(vi).

13 “(c) TRANSMISSION OF ALLOCATIONS.—

14 “(1) IN GENERAL.—Not later than 90 days
 15 after the end of each fiscal year, the Secretary shall
 16 transmit—

17 “(A) to each State 60 percent of such
 18 State’s allocations under subsections (b)(4),
 19 (b)(5)(A) and (b)(5)(B)(i) and (ii) for the im-
 20 mediate prior fiscal year;

21 “(B) to each coastal county-equivalent and
 22 municipal political subdivisions of such State a
 23 total of 40 percent of such State’s allocations
 24 under subsections (b)(4), (b)(5)(A), and
 25 (b)(5)(B)(i) and (ii), for the immediate prior

1 fiscal year, together with all accrued interest
2 thereon; and

3 “(C) the remaining allocations under sub-
4 section (b)(5), together with all accrued interest
5 thereon.

6 “(2) ALLOCATIONS TO COASTAL COUNTY-
7 EQUIVALENT POLITICAL SUBDIVISIONS.—The Sec-
8 retary shall make an initial allocation of the OCS
9 Receipts to be shared under paragraph (1)(B) as fol-
10 lows:

11 “(A) 25 percent shall be allocated to coast-
12 al county-equivalent political subdivisions that
13 are completely more than 25 miles landward of
14 the coastline and at least a part of which lies
15 not more than 75 miles landward from the
16 coastline, with the allocation among such coast-
17 al county-equivalent political subdivisions based
18 on population.

19 “(B) 75 percent shall be allocated to coast-
20 al county-equivalent political subdivisions that
21 are completely or partially less than 25 miles
22 landward of the coastline, with the allocation
23 among such coastal county-equivalent political
24 subdivisions to be further allocated as follows:

1 “(i) 25 percent shall be allocated
2 based on the ratio of such coastal county-
3 equivalent political subdivision’s population
4 to the coastal population of all coastal
5 county-equivalent political subdivisions in
6 the State.

7 “(ii) 25 percent shall be allocated
8 based on the ratio of such coastal county-
9 equivalent political subdivision’s coastline
10 miles to the coastline miles of all coastal
11 county-equivalent political subdivisions in
12 the State as calculated by the Secretary.
13 In such calculations, coastal county-equa-
14 lent political subdivisions without a coast-
15 line shall be considered to have 50 percent
16 of the average coastline miles of the coast-
17 al county-equivalent political subdivisions
18 that do have coastlines.

19 “(iii) 50 percent shall be allocated
20 equally to all coastal county-equivalent po-
21 litical subdivisions having a coastline point
22 within 300 miles of the leased tract for
23 which OCS Receipts are being shared.

24 “(3) ALLOCATIONS TO COASTAL MUNICIPAL PO-
25 LITICAL SUBDIVISIONS.—The initial allocation to

1 each coastal county-equivalent political subdivision
2 under paragraph (2) shall be further allocated to the
3 coastal county-equivalent political subdivision and
4 any coastal municipal political subdivisions located
5 partially or wholly within the boundaries of the
6 coastal county-equivalent political subdivision as fol-
7 lows:

8 “(A) One-third shall be allocated to the
9 coastal county-equivalent political subdivision.

10 “(B) Two-thirds shall be allocated on a per
11 capita basis to the municipal political subdivi-
12 sions and the county-equivalent political sub-
13 division, with the allocation to the latter based
14 upon its population not included within the
15 boundaries of a municipal political subdivision.

16 “(d) INVESTMENT OF DEPOSITS.—Amounts depos-
17 ited under this section shall be invested by the Secretary
18 of the Treasury in securities backed by the full faith and
19 credit of the United States having maturities suitable to
20 the needs of the account in which they are deposited and
21 yielding the highest reasonably available interest rates as
22 determined by the Secretary of the Treasury.

23 “(e) USE OF FUNDS.—A recipient of funds under
24 this section may use the funds for one or more of the fol-
25 lowing:

1 “(1) To reduce in-State college tuition at public
2 institutions of higher learning and otherwise support
3 public education, including career technical edu-
4 cation.

5 “(2) To make transportation infrastructure im-
6 provements.

7 “(3) To reduce taxes.

8 “(4) To promote, fund, and provide for—

9 “(A) coastal or environmental restoration;

10 “(B) fish, wildlife, and marine life habitat
11 enhancement;

12 “(C) waterways construction and mainte-
13 nance;

14 “(D) levee construction and maintenance
15 and shore protection; and

16 “(E) marine and oceanographic education
17 and research.

18 “(5) To promote, fund, and provide for—

19 “(A) infrastructure associated with energy
20 production activities conducted on the outer
21 Continental Shelf;

22 “(B) energy demonstration projects;

23 “(C) supporting infrastructure for shore-
24 based energy projects;

1 “(D) State geologic programs, including
2 geologic mapping and data storage programs,
3 and State geophysical data acquisition;

4 “(E) State seismic monitoring programs,
5 including operation of monitoring stations;

6 “(F) development of oil and gas resources
7 through enhanced recovery techniques;

8 “(G) alternative energy development, in-
9 cluding bio fuels, coal-to-liquids, oil shale, tar
10 sands, geothermal, geopressure, wind, waves,
11 currents, hydro, and other renewable energy;

12 “(H) energy efficiency and conservation
13 programs; and

14 “(I) front-end engineering and design for
15 facilities that produce liquid fuels from hydro-
16 carbons and other biological matter.

17 “(6) To promote, fund, and provide for—

18 “(A) historic preservation programs and
19 projects;

20 “(B) natural disaster planning and re-
21 sponse; and

22 “(C) hurricane and natural disaster insur-
23 ance programs.

24 “(7) For any other purpose as determined by
25 State law.

1 “(f) NO ACCOUNTING REQUIRED.—No recipient of
2 funds under this section shall be required to account to
3 the Federal Government for the expenditure of such
4 funds, except as otherwise may be required by law. How-
5 ever, States may enact legislation providing for accounting
6 for and auditing of such expenditures. Further, funds allo-
7 cated under this section to States and political subdivi-
8 sions may be used as matching funds for other Federal
9 programs.

10 “(g) EFFECT OF FUTURE LAWS.—Enactment of any
11 future Federal statute that has the effect, as determined
12 by the Secretary, of restricting any Federal agency from
13 spending appropriated funds, or otherwise preventing it
14 from fulfilling its pre-existing responsibilities as of the
15 date of enactment of the statute, unless such responsibil-
16 ities have been reassigned to another Federal agency by
17 the statute with no prevention of performance, to issue
18 any permit or other approval impacting on the OCS oil
19 and gas leasing program, or any lease issued thereunder,
20 or to implement any provision of this Act shall automati-
21 cally prohibit any sharing of OCS Receipts under this sec-
22 tion directly with the States, and their coastal political
23 subdivisions, for the duration of the restriction. The Sec-
24 retary shall make the determination of the existence of

1 such restricting effects within 30 days of a petition by any
2 outer Continental Shelf lessee or producing State.

3 “(h) USE OF FEDERAL REVENUES FROM CERTAIN
4 NEW LEASES TO REDUCE SOCIAL SECURITY DEBT.—

5 “(1) SPECIAL DEDICATED ACCOUNT IN SOCIAL
6 SECURITY TRUST FUND.—25 percent of OCS Re-
7 cepts that are derived from leases under this Act on
8 tracts that would not have been available for leasing
9 prior to the enactment of the Grow American Supply
10 Act and that would otherwise have been deposited in
11 the General Fund of the Treasury and not allocated
12 to any other specific use shall be deposited in a Spe-
13 cial Dedicated Account in the Federal Old-Age and
14 Survivors Insurance Trust Fund. Notwithstanding
15 section 201(d) of the Social Security Act, amounts
16 deposited in the Special Dedicated Account under
17 this subsection shall be invested by the Secretary of
18 the Treasury in securities backed by the full faith
19 and credit of the United States having maturities
20 suitable to the needs of the account in which they
21 are deposited and yielding the highest reasonably
22 available interest rates as determined by the Sec-
23 retary of the Treasury.

24 “(2) EXPENDITURES.—No portion of the prin-
25 cipal amount of such Special Dedicated Account or

1 of the accrued interest in such account may be ex-
 2 pended in any fiscal year unless the Secretary of the
 3 Treasury determines that revenues allocated to the
 4 Federal Old-Age and Survivors Insurance Trust
 5 Fund in that fiscal year will be less than expendi-
 6 tures from the Fund in that fiscal year, and in any
 7 such fiscal year the Secretary may transfer such
 8 amounts as may be necessary from the Special Dedi-
 9 cated Account to the general account in the Federal
 10 Old-Age and Survivors Insurance Trust Fund for ex-
 11 penditure in that fiscal year to the extent necessary
 12 to equalize revenues and expenditures from such
 13 Trust Fund in that fiscal year.

14 “(i) DEFICIT REDUCTION.—

15 “(1) IN GENERAL.—Subchapter A of chapter
 16 98 of the Internal Revenue Code of 1986 is amended
 17 by adding at the end the following new section:

18 **“SEC. 9511. DEFICIT REDUCTION TRUST FUND.**

19 ““(a) CREATION.—There is established in the Treas-
 20 ury of the United States a trust fund to be known as the
 21 ‘Deficit Reduction Trust Fund’, consisting of such
 22 amounts as may be appropriated or credited to the Deficit
 23 Reduction Trust Fund as provided in this section.

24 ““(b) TRANSFERS.—There are hereby appropriated
 25 to the Deficit Reduction Trust Fund amounts equivalent

1 to 25 percent of all OCS Receipts, as defined in section
2 9(j)(8) of the Outer Continental Shelf Lands Act (43
3 U.S.C. 1338), that are derived from leases under that Act
4 on tracts that would not have been available for leasing
5 prior to the enactment of the Grow American Supply Act
6 and that would otherwise have been deposited in the Gen-
7 eral Fund of the Treasury and not allocated to any other
8 specific use.

9 “(c) EXPENDITURES.—Amounts in the Deficit Re-
10 duction Trust Fund shall be available as provided in ap-
11 propriation Acts only for the purpose of reducing the Fed-
12 eral debt.’.

13 “(j) DEFINITIONS.—In this section:

14 “(1) COASTAL COUNTY-EQUIVALENT POLITICAL
15 SUBDIVISION.—The term ‘coastal county-equivalent
16 political subdivision’ means a political jurisdiction
17 immediately below the level of State government, in-
18 cluding a county, parish, borough in Alaska, inde-
19 pendent municipality not part of a county, parish, or
20 borough in Alaska, or other equivalent subdivision of
21 a coastal State, that lies within the coastal zone.

22 “(2) COASTAL MUNICIPAL POLITICAL SUBDIVI-
23 SION.—The term ‘coastal municipal political subdivi-
24 sion’ means a municipality located within and part
25 of a county, parish, borough in Alaska, or other

1 equivalent subdivision of a State, all or part of which
2 coastal municipal political subdivision lies within the
3 coastal zone.

4 “(3) COASTAL POPULATION.—The term ‘coastal
5 population’ means the population of all coastal coun-
6 ty-equivalent political subdivisions, as determined by
7 the most recent official data of the Census Bureau.

8 “(4) COASTAL ZONE.—The term ‘coastal zone’
9 means that portion of a coastal State, including the
10 entire territory of any coastal county-equivalent po-
11 litical subdivision at least a part of which lies, within
12 75 miles landward from the coastline, or a greater
13 distance as determined by State law enacted to im-
14 plement this section.

15 “(5) BONUS BIDS.—The term ‘bonus bids’
16 means all funds received by the Secretary to issue
17 an outer Continental Shelf minerals lease.

18 “(6) ROYALTIES.—The term ‘royalties’ means
19 all funds received by the Secretary from production
20 of oil or natural gas, or the sale of production taken
21 in-kind, or from net profit shares, from an outer
22 Continental Shelf minerals lease.

23 “(7) PRODUCING STATE.—The term ‘producing
24 State’ means an Adjacent State having an Adjacent

1 Zone containing leased tracts from which OCS Re-
2 ceipts were derived.

3 “(8) OCS RECEIPTS.—The term ‘OCS Receipts’
4 means bonus bids and royalties, excluding royalties
5 from leases amended under the authority of section
6 8(s) of this Act.”.

7 **SEC. 11. REVIEW OF OUTER CONTINENTAL SHELF EXPLO-**
8 **RATION PLANS.**

9 Subsections (c) and (d) of section 11 of the Outer
10 Continental Shelf Lands Act (43 U.S.C. 1340) are amend-
11 ed to read as follows:

12 “(c) PLAN REVIEW; PLAN PROVISIONS.—

13 “(1) Except as otherwise provided in this Act,
14 prior to commencing exploration pursuant to any oil
15 and gas lease issued or maintained under this Act,
16 the holder thereof shall submit an exploration plan
17 (hereinafter in this section referred to as a ‘plan’) to
18 the Secretary for review which shall include all infor-
19 mation and documentation required under para-
20 graphs (2) and (3). The Secretary shall review the
21 plan for completeness within 10 days of submission.
22 If the Secretary finds that the plan is not complete,
23 the Secretary shall notify the lessee with a detailed
24 explanation and require such modifications of such
25 plan as are necessary to achieve completeness. The

1 Secretary shall have 10 days to review a modified
2 plan for completeness. Such plan may apply to more
3 than one lease held by a lessee in any one region of
4 the outer Continental Shelf, or by a group of lessees
5 acting under a unitization, pooling, or drilling agree-
6 ment, and the lessee shall certify that such plan is
7 consistent with the terms of the lease and is con-
8 sistent with all statutory and regulatory require-
9 ments in effect on the date of issuance of the lease,
10 and any regulations promulgated under this Act to
11 the conservation of resources after the date of lease
12 issuances. The Secretary shall have 30 days from
13 the date the plan is deemed complete to conduct a
14 review of the plan. If the Secretary finds the plan
15 is not consistent with the lease and all such statu-
16 tory and regulatory requirements, the Secretary
17 shall notify the lessee with a detailed explanation of
18 such modifications of such plan as are necessary to
19 achieve compliance. The Secretary shall have 30
20 days to review any modified plan submitted by the
21 lessee. The lessee shall not take any action under
22 the exploration plan within the 30-day review period,
23 or thereafter until the plan has been modified to
24 achieve compliance as so notified.

1 “(2) An exploration plan submitted under this
2 subsection shall include, in the degree of detail
3 which the Secretary may by regulation require—

4 “(A) a schedule of anticipated exploration
5 activities to be undertaken;

6 “(B) a description of equipment to be used
7 for such activities;

8 “(C) the general location of each well to be
9 drilled; and

10 “(D) such other information deemed perti-
11 nent by the Secretary.

12 “(3) The Secretary may, by regulation, require
13 that such plan be accompanied by a general state-
14 ment of development and production intentions
15 which shall be for planning purposes only and which
16 shall not be binding on any party.

17 “(d) PLAN REVISIONS; CONDUCT OF EXPLORATION
18 ACTIVITIES.—

19 “(1) If a significant revision of an exploration
20 plan under this subsection is submitted to the Sec-
21 retary, the process to be used for the review of such
22 revision shall be the same as set forth in subsection
23 (c) of this section.

24 “(2) All exploration activities pursuant to any
25 lease shall be conducted in accordance with an explo-

1 ration plan or a revised plan which has been sub-
2 mitted to and reviewed by the Secretary.”.

3 **SEC. 12. RESERVATION OF LANDS AND RIGHTS.**

4 Section 12 of the Outer Continental Shelf Lands Act
5 (43 U.S.C. 1341) is amended—

6 (1) in subsection (a) by adding at the end the
7 following: “The President may partially or com-
8 pletely revise or revoke any prior withdrawal made
9 by the President under the authority of this section.
10 The President may not revise or revoke a withdrawal
11 that is extended by a State under subsection (h), nor
12 may the President withdraw from leasing any area
13 for which a State failed to prohibit, or petition to
14 prohibit, leasing under subsection (g). Further, in
15 the area of the outer Continental Shelf more than
16 75 miles from any coastline, not more than 25 per-
17 cent of the acreage of any OCS Planning Area may
18 be withdrawn from leasing under this section at any
19 point in time. A withdrawal by the President may be
20 for a term not to exceed 5 years. Except when other-
21 wise provided by law, when considering potential
22 uses of the outer Continental Shelf, to the maximum
23 extent possible, the President shall accommodate
24 competing interests and potential uses.”; and

25 (2) by adding at the end the following:

1 “(g) AVAILABILITY FOR LEASING WITHIN CERTAIN
2 AREAS OF THE OUTER CONTINENTAL SHELF.—

3 “(1) PROHIBITION AGAINST LEASING.—

4 “(A) UNAVAILABLE FOR LEASING WITH-
5 OUT STATE REQUEST.—Except as otherwise
6 provided in this subsection, from and after the
7 date of enactment of the Grow American Sup-
8 ply Act, the Secretary shall not offer for leasing
9 for oil and gas, or natural gas, any area within
10 35 miles of the coastline that was withdrawn
11 from disposition by leasing in the Atlantic OCS
12 Region or the Pacific OCS Region, or the Gulf
13 of Mexico OCS Region Eastern Planning Area,
14 as depicted on the maps referred to in this sub-
15 paragraph, under the ‘Memorandum on With-
16 drawal of Certain Areas of the United States
17 Outer Continental Shelf from Leasing Disposi-
18 tion’, 34 Weekly Comp. Pres. Doc. 1111, dated
19 June 12, 1998, or any area within 35 miles of
20 the coastline not withdrawn from leasing under
21 that Memorandum that is included within the
22 territorial waters and Exclusive Economic Zone
23 adjacent to the Commonwealth of Puerto Rico,
24 the Commonwealth of the Northern Mariana Is-
25 lands, the Virgin Islands, American Samoa,

1 Guam, and the other Territories of the United
2 States, or any area within 35 miles of the
3 coastline within the Florida Straits Planning
4 Area as indicated on the map entitled ‘Atlantic
5 OCS Region State Adjacent Zones and OCS
6 Planning Areas’, which is dated September
7 2005 and on file in the Office of the Director,
8 Minerals Management Service.

9 “(B) AREAS BETWEEN 35 AND 75 MILES
10 FROM THE COASTLINE.—Unless an Adjacent
11 State petitions under subsection (h) within one
12 year after the date of enactment of the Grow
13 American Supply Act for natural gas leasing or
14 within three years after date of enactment for
15 oil and gas leasing, the Secretary shall offer for
16 leasing any area more than 35 miles but less
17 than 75 miles from the coastline that was with-
18 drawn from disposition by leasing in the Atlan-
19 tic OCS Region, the Pacific OCS Region, or the
20 Gulf of Mexico OCS Region Eastern Planning
21 Area, as depicted on the maps referred to in
22 this subparagraph, under the ‘Memorandum on
23 Withdrawal of Certain Areas of the United
24 States Outer Continental Shelf from Leasing
25 Disposition’, 34 Weekly Comp. Pres. Doc.

1 1111, dated June 12, 1998, or any area more
2 than 35 miles but less than 75 miles of the
3 coastline not withdrawn under that Memo-
4 randum that is included within the Exclusive
5 Economic Zone adjacent to the Commonwealth
6 of Puerto Rico, the Commonwealth of the
7 Northern Mariana Islands, the Virgin Islands,
8 American Samoa, Guam, and the other Terri-
9 tories of the United States, or any area more
10 than 35 miles but less than 75 miles of the
11 coastline within the Florida Straits Planning
12 Area as indicated on the map entitled ‘Atlantic
13 OCS Region State Adjacent Zones and OCS
14 Planning Areas’, which is dated September
15 2005 and on file in the Office of the Director,
16 Minerals Management Service.

17 “(2) REVOCATION OF WITHDRAWAL.—The pro-
18 visions of the ‘Memorandum on Withdrawal of Cer-
19 tain Areas of the United States Outer Continental
20 Shelf from Leasing Disposition’, 34 Weekly Comp.
21 Pres. Doc. 1111, dated June 12, 1998, are hereby
22 revoked and are no longer in effect. Any area in the
23 OCS withdrawn from leasing may be leased, and
24 thereafter developed and produced by the lessee
25 using extended reach or similar drilling from a loca-

1 tion on a leased area located in an area available for
2 leasing.

3 “(3) PETITION FOR LEASING.—

4 “(A) IN GENERAL.—The Governor of the
5 State, upon enactment of a State statute pro-
6 viding for such, shall submit to the Secretary a
7 petition requesting that the Secretary make
8 available any area that is within the State’s Ad-
9 jacent Zone, included within the provisions of
10 paragraph (1), and that (i) is greater than 35
11 miles from any point on the coastline of a
12 Neighboring State for the conduct of offshore
13 leasing, pre-leasing, and related activities with
14 respect to natural gas leasing; or (ii) is greater
15 than 50 miles from any point on the coastline
16 of a Neighboring State for the conduct of off-
17 shore leasing, pre-leasing, and related activities
18 with respect to oil and gas leasing. The Adja-
19 cent State may also petition for leasing any
20 other area within its Adjacent Zone if leasing is
21 allowed in the similar area of the Adjacent
22 Zone of the applicable Neighboring State, or if
23 not allowed, if the Neighboring State, acting
24 through its Governor, expresses its concurrence
25 with the petition. The Secretary shall only con-

1 sider such a petition upon making a finding
2 that leasing is allowed in the similar area of the
3 Adjacent Zone of the applicable Neighboring
4 State or upon receipt of the concurrence of the
5 Neighboring State. The date of receipt by the
6 Secretary of such concurrence by the Neigh-
7 boring State shall constitute the date of receipt
8 of the petition for that area for which the con-
9 currence applies.

10 “(B) LIMITATIONS ON LEASING.—In its
11 petition, a State with an Adjacent Zone that
12 contains leased tracts may condition new leas-
13 ing for oil and gas, or natural gas for tracts
14 within 35 miles of the coastline by—

15 “(i) requiring a net reduction in the
16 number of production platforms;

17 “(ii) requiring a net increase in the
18 average distance of production platforms
19 from the coastline;

20 “(iii) limiting permanent surface occu-
21 pancy on new leases to areas that are more
22 than 10 miles from the coastline;

23 “(iv) limiting some tracts to being
24 produced from shore or from platforms lo-
25 cated on other tracts; or

1 “(v) other conditions that the Adja-
2 cent State may deem appropriate as long
3 as the Secretary does not determine that
4 production is made economically or tech-
5 nically impracticable or otherwise impos-
6 sible.

7 “(C) ACTION BY SECRETARY.—Not later
8 than 90 days after receipt of a petition under
9 subparagraph (A), the Secretary shall approve
10 the petition, unless the Secretary determines
11 that leasing the area would probably cause seri-
12 ous harm or damage to the marine resources of
13 the State’s Adjacent Zone. Prior to approving
14 the petition, the Secretary shall complete an en-
15 vironmental assessment that documents the an-
16 ticipated environmental effects of leasing in the
17 area included within the scope of the petition.

18 “(D) FAILURE TO ACT.—If the Secretary
19 fails to approve or deny a petition in accordance
20 with subparagraph (C) the petition shall be con-
21 sidered to be approved 90 days after receipt of
22 the petition.

23 “(E) AMENDMENT OF THE 5-YEAR LEAS-
24 ING PROGRAM.—Notwithstanding section 18,
25 within 180 days of the approval of a petition

1 under subparagraph (C) or (D), after the expi-
2 ration of the time limits in paragraph (1)(B),
3 and within 180 days after the date of enact-
4 ment of the Grow American Supply Act for the
5 areas made available for leasing under para-
6 graph (2), the Secretary shall amend the cur-
7 rent 5-Year Outer Continental Shelf Oil and
8 Gas Leasing Program to include a lease sale or
9 sales for at least 75 percent of the associated
10 areas, unless there are, from the date of ap-
11 proval, expiration of such time limits, or enact-
12 ment, as applicable, fewer than 12 months re-
13 maining in the current 5-Year Leasing Program
14 in which case the Secretary shall include the as-
15 sociated areas within lease sales under the next
16 5-Year Leasing Program. For purposes of
17 amending the 5-Year Program in accordance
18 with this section, further consultations with
19 States shall not be required. For purposes of
20 this section, an environmental assessment per-
21 formed under the provisions of the National
22 Environmental Policy Act of 1969 to assess the
23 effects of approving the petition shall be suffi-
24 cient to amend the 5-Year Leasing Program.

1 “(h) OPTION TO EXTEND WITHDRAWAL FROM
2 LEASING WITHIN CERTAIN AREAS OF THE OUTER CON-
3 TINENTAL SHELF.—A State, through enactment of a
4 State statute, may extend for a period of time of up to
5 5 years for each extension the withdrawal from leasing for
6 all or part of any area within the State’s Adjacent Zone
7 located more than 35 miles, but less than 75 miles, from
8 the coastline that is subject to subsection (g)(1)(B). A
9 State may extend multiple times for any particular area
10 but not more than once per calendar year for any par-
11 ticular area, may a State extend the withdrawal for an
12 area to cause it to extend to a total of more than 5 years
13 from the date of concurrence by the legislature. A State
14 must prepare separate extensions, with enactment of sepa-
15 rate State statutes, for oil and gas leasing and for natural
16 gas leasing. An extension by a State may affect some areas
17 to be withdrawn from all leasing and some areas to be
18 withdrawn only from one type of leasing.

19 “(i) EFFECT OF OTHER LAWS.—Adoption by any
20 Adjacent State of any constitutional provision, or enact-
21 ment of any State statute, that has the effect, as deter-
22 mined by the Secretary, of restricting either the Governor
23 or the Legislature, or both, from exercising full discretion
24 related to subsection (g) or (h), or both, shall automati-
25 cally (1) prohibit any sharing of OCS Receipts under this

1 Act with the Adjacent State, and its coastal political sub-
2 divisions, and (2) prohibit the Adjacent State from exer-
3 cising any authority under subsection (h), for the duration
4 of the restriction. The Secretary shall make the determina-
5 tion of the existence of such restricting constitutional pro-
6 vision or State statute within 30 days of a petition by any
7 outer Continental Shelf lessee or any State.

8 “(j) PROHIBITION ON LEASING EAST OF THE MILI-
9 TARY MISSION LINE.—

10 “(1) Notwithstanding any other provision of
11 law, from and after the date of enactment of the
12 Grow American Supply Act, prior to January 1,
13 2022, no area of the outer Continental Shelf located
14 in the Gulf of Mexico east of the military mission
15 line may be offered for leasing for oil and gas or
16 natural gas unless a waiver is issued by the Sec-
17 retary of Defense. If such a waiver is granted, 50
18 percent of the OCS Receipts from a lease within
19 such area issued because of such waiver shall be
20 paid under section 9 and the other 50 percent shall
21 be paid annually to the National Guards of all
22 States, allocated by the Secretary among the States
23 on a per capita basis using the entire population of
24 such States.

1 “(2) In this subsection, the term ‘military mis-
 2 sion line’ means a line located at 86 degrees, 41
 3 minutes West Longitude, and extending south from
 4 the coast of Florida to the outer boundary of United
 5 States exclusive economic zone in the Gulf of Mex-
 6 ico.”.

7 **SEC. 13. OUTER CONTINENTAL SHELF LEASING PROGRAM.**

8 Section 18 of the Outer Continental Shelf Lands Act
 9 (43 U.S.C. 1344) is amended—

10 (1) in subsection (a), by adding at the end of
 11 paragraph (3) the following: “The Secretary shall, in
 12 each 5-year program, include lease sales that when
 13 viewed as a whole propose to offer for oil and gas
 14 or natural gas leasing at least 75 percent of the
 15 available unleased acreage within each OCS Plan-
 16 ning Area. Available unleased acreage is that portion
 17 of the outer Continental Shelf that is not under
 18 lease at the time of the proposed lease sale, and has
 19 not otherwise been made unavailable for leasing by
 20 law.”;

21 (2) in subsection (c), by striking so much as
 22 precedes paragraph (3) and inserting the following:
 23 “(c)(1) During the preparation of any proposed leas-
 24 ing program under this section, the Secretary shall con-
 25 sider and analyze leasing throughout the entire Outer

1 Continental Shelf without regard to any other law affect-
2 ing such leasing. During this preparation the Secretary
3 shall invite and consider suggestions from any interested
4 Federal agency, including the Attorney General, in con-
5 sultation with the Federal Trade Commission, and from
6 the Governor of any coastal State. The Secretary may also
7 invite or consider any suggestions from the executive of
8 any local government in a coastal State that have been
9 previously submitted to the Governor of such State, and
10 from any other person. Further, the Secretary shall con-
11 sult with the Secretary of Defense regarding military oper-
12 ational needs in the outer Continental Shelf. The Sec-
13 retary shall work with the Secretary of Defense to resolve
14 any conflicts that might arise regarding offering any area
15 of the outer Continental Shelf for oil and gas or natural
16 gas leasing. If the Secretaries are not able to resolve all
17 such conflicts, any unresolved issues shall be elevated to
18 the President for resolution.

19 “(2) After the consideration and analysis required by
20 paragraph (1), including the consideration of the sugges-
21 tions received from any interested Federal agency, the
22 Federal Trade Commission, the Governor of any coastal
23 State, any local government of a coastal State, and any
24 other person, the Secretary shall publish in the Federal
25 Register a proposed leasing program accompanied by a

1 draft environmental impact statement prepared pursuant
2 to the National Environmental Policy Act of 1969. After
3 the publishing of the proposed leasing program and during
4 the comment period provided for on the draft environ-
5 mental impact statement, the Secretary shall submit a
6 copy of the proposed program to the Governor of each af-
7 fected State for review and comment. The Governor may
8 solicit comments from those executives of local govern-
9 ments in the Governor's State that the Governor, in the
10 discretion of the Governor, determines will be affected by
11 the proposed program. If any comment by such Governor
12 is received by the Secretary at least 15 days prior to sub-
13 mission to the Congress pursuant to paragraph (3) and
14 includes a request for any modification of such proposed
15 program, the Secretary shall reply in writing, granting or
16 denying such request in whole or in part, or granting such
17 request in such modified form as the Secretary considers
18 appropriate, and stating the Secretary's reasons therefor.
19 All such correspondence between the Secretary and the
20 Governor of any affected State, together with any addi-
21 tional information and data relating thereto, shall accom-
22 pany such proposed program when it is submitted to the
23 Congress."'; and
24 (3) by adding at the end the following:

1 “(i) PROJECTION OF STATE ADJACENT ZONE RE-
2 SOURCES AND STATE AND LOCAL GOVERNMENT SHARES
3 OF OCS RECEIPTS.—Concurrent with the publication of
4 the scoping notice at the beginning of the development of
5 each 5-year outer Continental Shelf oil and gas leasing
6 program, or as soon thereafter as possible, the Secretary
7 shall—

8 “(1) provide to each Adjacent State a current
9 estimate of proven and potential oil and gas re-
10 sources located within the State’s Adjacent Zone;
11 and

12 “(2) provide to each Adjacent State, and coast-
13 al political subdivisions thereof, a best-efforts projec-
14 tion of the OCS Receipts that the Secretary expects
15 will be shared with each Adjacent State, and its
16 coastal political subdivisions, using the assumption
17 that the unleased tracts within the State’s Adjacent
18 Zone are fully made available for leasing, including
19 long-term projected OCS Receipts. In addition, the
20 Secretary shall include a macroeconomic estimate of
21 the impact of such leasing on the national economy
22 and each State’s economy, including investment,
23 jobs, revenues, personal income, and other cat-
24 egories.”.

1 **SEC. 14. COORDINATION WITH ADJACENT STATES.**

2 Section 19 of the Outer Continental Shelf Lands Act
3 (43 U.S.C. 1345) is amended—

4 (1) in subsection (a) in the first sentence by in-
5 serting “, for any tract located within the Adjacent
6 State’s Adjacent Zone,” after “government”; and

7 (2) by adding the following:

8 “(f)(1) No Federal agency may permit or otherwise
9 approve, without the concurrence of the Adjacent State,
10 the construction of a crude oil or petroleum products (or
11 both) pipeline within the part of the Adjacent State’s Ad-
12 jacent Zone that is withdrawn from oil and gas or natural
13 gas leasing, except that such a pipeline may be approved,
14 without such Adjacent State’s concurrence, to pass
15 through such Adjacent Zone if at least 50 percent of the
16 production projected to be carried by the pipeline within
17 its first 10 years of operation is from areas of the Adja-
18 cent State’s Adjacent Zone.

19 “(2) No State may prohibit the construction within
20 its Adjacent Zone or its State waters of a natural gas pipe-
21 line that will transport natural gas produced from the
22 outer Continental Shelf. However, an Adjacent State may
23 prevent a proposed natural gas pipeline landing location
24 if it proposes two alternate landing locations in the Adja-
25 cent State, acceptable to the Adjacent State, located with-

1 in 50 miles on either side of the proposed landing loca-
2 tion.”.

3 **SEC. 15. ENVIRONMENTAL STUDIES.**

4 Section 20(d) of the Outer Continental Shelf Lands
5 Act (43 U.S.C. 1346) is amended—

6 (1) by inserting “(1)” after “(d)”; and

7 (2) by adding at the end the following:

8 “(2) For all programs, lease sales, leases, and actions
9 under this Act, the following shall apply regarding the ap-
10 plication of the National Environmental Policy Act of
11 1969:

12 “(A) Granting or directing lease suspensions
13 and the conduct of all preliminary activities on outer
14 Continental Shelf tracts, including seismic activities,
15 are categorically excluded from the need to prepare
16 either an environmental assessment or an environ-
17 mental impact statement, and the Secretary shall
18 not be required to analyze whether any exceptions to
19 a categorical exclusion apply for activities conducted
20 under the authority of this Act.

21 “(B) The environmental impact statement de-
22 veloped in support of each 5-year oil and gas leasing
23 program provides the environmental analysis for all
24 lease sales to be conducted under the program and

1 such sales shall not be subject to further environ-
2 mental analysis.

3 “(C) Exploration plans shall not be subject to
4 any requirement to prepare an environmental impact
5 statement, and the Secretary may find that explo-
6 ration plans are eligible for categorical exclusion due
7 to the impacts already being considered within an
8 environmental impact statement or due to mitigation
9 measures included within the plan.

10 “(D) Within each OCS Planning Area, after the
11 preparation of the first development and production
12 plan environmental impact statement for a leased
13 tract within the Area, future development and pro-
14 duction plans for leased tracts within the Area shall
15 only require the preparation of an environmental as-
16 sessment unless the most recent development and
17 production plan environmental impact statement
18 within the Area was finalized more than 10 years
19 prior to the date of the approval of the plan, in
20 which case an environmental impact statement shall
21 be required.”.

22 **SEC. 16. REVIEW OF OUTER CONTINENTAL SHELF DEVEL-**
23 **OPMENT AND PRODUCTION PLANS.**

24 Section 25 of the Outer Continental Shelf Lands Act
25 (43 U.S.C. 1351(a)) is amended to read as follows:

1 **“SEC. 25. REVIEW OF OUTER CONTINENTAL SHELF DEVEL-**
2 **OPMENT AND PRODUCTION PLANS.**

3 “(a) DEVELOPMENT AND PRODUCTION PLANS; SUB-
4 MISSION TO SECRETARY; STATEMENT OF FACILITIES AND
5 OPERATION; SUBMISSION TO GOVERNORS OF AFFECTED
6 STATES AND LOCAL GOVERNMENTS.—

7 “(1) Prior to development and production pur-
8 suant to an oil and gas lease issued on or after Sep-
9 tember 18, 1978, for any area of the outer Conti-
10 nental Shelf, or issued or maintained prior to Sep-
11 tember 18, 1978, for any area of the outer Conti-
12 nental Shelf, with respect to which no oil or gas has
13 been discovered in paying quantities prior to Sep-
14 tember 18, 1978, the lessee shall submit a develop-
15 ment and production plan (hereinafter in this sec-
16 tion referred to as a ‘plan’) to the Secretary for re-
17 view.

18 “(2) A plan shall be accompanied by a state-
19 ment describing all facilities and operations, other
20 than those on the outer Continental Shelf, proposed
21 by the lessee and known by the lessee (whether or
22 not owned or operated by such lessee) that will be
23 constructed or utilized in the development and pro-
24 duction of oil or gas from the lease area, including
25 the location and site of such facilities and oper-
26 ations, the land, labor, material, and energy require-

1 ments associated with such facilities and operations,
2 and all environmental and safety safeguards to be
3 implemented.

4 “(3) Except for any privileged or proprietary
5 information (as such term is defined in regulations
6 issued by the Secretary), the Secretary, within 30
7 days after receipt of a plan and statement, shall—

8 “(A) submit such plan and statement to
9 the Governor of any affected State, and upon
10 request to the executive of any affected local
11 government; and

12 “(B) make such plan and statement avail-
13 able to any appropriate interstate regional enti-
14 ty and the public.

15 “(b) DEVELOPMENT AND PRODUCTION ACTIVITIES
16 IN ACCORDANCE WITH PLAN AS LEASE REQUIREMENT.—
17 After the date of enactment of the Grow American Supply
18 Act, no oil and gas lease may be issued pursuant to this
19 Act in any region of the outer Continental Shelf, unless
20 such lease requires that development and production ac-
21 tivities be carried out in accordance with a plan that com-
22 plies with the requirements of this section. This section
23 shall also apply to leases that do not have an approved
24 development and production plan as of the date of enact-
25 ment of the Grow American Supply Act.

1 “(c) SCOPE AND CONTENTS OF PLAN.—A plan may
2 apply to more than one oil and gas lease, and shall set
3 forth, in the degree of detail established by regulations
4 issued by the Secretary—

5 “(1) the general work to be performed;

6 “(2) a description of all facilities and operations
7 located on the outer Continental Shelf that are pro-
8 posed by the lessee or known by the lessee (whether
9 or not owned or operated by such lessee) to be di-
10 rectly related to the proposed development, including
11 the location and size of such facilities and oper-
12 ations, and the land, labor, material, and energy re-
13 quirements associated with such facilities and oper-
14 ations;

15 “(3) the environmental safeguards to be imple-
16 mented on the outer Continental Shelf and how such
17 safeguards are to be implemented;

18 “(4) all safety standards to be met and how
19 such standards are to be met;

20 “(5) an expected rate of development and pro-
21 duction and a time schedule for performance; and

22 “(6) such other relevant information as the Sec-
23 retary may by regulation require.

24 “(d) COMPLETENESS REVIEW OF THE PLAN.—

1 “(1) Prior to commencing any activity under a
2 development and production plan pursuant to any oil
3 and gas lease issued or maintained under this Act,
4 the lessee shall certify that the plan is consistent
5 with the terms of the lease and that it is consistent
6 with all statutory and regulatory requirements in ef-
7 fect on the date of issuance of the lease, and any
8 regulations promulgated under this Act related to
9 the conservation of resources after the date of lease
10 issuance. The plan shall include all required infor-
11 mation and documentation required under sub-
12 section (c).

13 “(2) The Secretary shall review the plan for
14 completeness within 30 days of submission. If the
15 Secretary finds that the plan is not complete, the
16 Secretary shall notify the lessee with a detailed ex-
17 planation of such modifications of such plan as are
18 necessary to achieve completeness. The Secretary
19 shall have 30 days to review a modified plan for
20 completeness.

21 “(e) REVIEW FOR CONSISTENCY OF THE PLAN.—

22 “(1) After a determination that a plan is com-
23 plete, the Secretary shall have 120 days to conduct
24 a review of the plan, to ensure that it is consistent
25 with the terms of the lease, and that it is consistent

1 with all such statutory and regulatory requirements
2 applicable to the lease. The review shall ensure that
3 the plan is consistent with lease terms, and statutory
4 and regulatory requirements applicable to the lease,
5 related to national security or national defense, in-
6 cluding any military operating stipulations or other
7 restrictions. The Secretary shall seek the assistance
8 of the Department of Defense in the conduct of the
9 review of any plan prepared under this section for
10 a lease containing military operating stipulations or
11 other restrictions and shall accept the assistance of
12 the Department of Defense in the conduct of the re-
13 view of any plan prepared under this section for any
14 other lease when the Secretary of Defense requests
15 an opportunity to participate in the review. If the
16 Secretary finds that the plan is not consistent, the
17 Secretary shall notify the lessee with a detailed ex-
18 planation of such modifications of such plan as are
19 necessary to achieve consistency.

20 “(2) The Secretary shall have 120 days to re-
21 view a modified plan.

22 “(3) The lessee shall not conduct any activities
23 under the plan during any 120-day review period, or
24 thereafter until the plan has been modified to
25 achieve compliance as so notified.

1 “(4) After review by the Secretary provided for
2 by this section, a lessee may operate pursuant to the
3 plan without further review or approval by the Sec-
4 retary.

5 “(f) REVIEW OF REVISION OF THE APPROVED
6 PLAN.—The lessee may submit to the Secretary any revi-
7 sion of a plan if the lessee determines that such revision
8 will lead to greater recovery of oil and natural gas, im-
9 prove the efficiency, safety, and environmental protection
10 of the recovery operation, is the only means available to
11 avoid substantial economic hardship to the lessee, or is
12 otherwise not inconsistent with the provisions of this Act,
13 to the extent such revision is consistent with protection
14 of the human, marine, and coastal environments. The
15 process to be used for the review of any such revision shall
16 be the same as that set forth in subsections (d) and (e).

17 “(g) CANCELLATION OF LEASE ON FAILURE TO
18 SUBMIT PLAN OR COMPLY WITH A PLAN.—Whenever the
19 owner of any lease fails to submit a plan in accordance
20 with regulations issued under this section, or fails to com-
21 ply with a plan, the lease may be canceled in accordance
22 with section 5(c) and (d). Termination of a lease because
23 of failure to comply with a plan, including required modi-
24 fications or revisions, shall not entitle a lessee to any com-
25 pensation.

1 “(h) PRODUCTION AND TRANSPORTATION OF NAT-
2 URAL GAS; SUBMISSION OF PLAN TO FEDERAL ENERGY
3 REGULATORY COMMISSION; IMPACT STATEMENT.—If any
4 development and production plan submitted to the Sec-
5 retary pursuant to this section provides for the production
6 and transportation of natural gas, the lessee shall contem-
7 poraneously submit to the Federal Energy Regulatory
8 Commission that portion of such plan that relates to the
9 facilities for transportation of natural gas. The Secretary
10 and the Federal Energy Regulatory Commission shall
11 agree as to which of them shall prepare an environmental
12 impact statement pursuant to the National Environmental
13 Policy Act of 1969 (42 U.S.C. 4321 et seq.) applicable
14 to such portion of such plan, or conduct studies as to the
15 effect on the environment of implementing it. Thereafter,
16 the findings and recommendations by the agency pre-
17 paring such environmental impact statement or con-
18 ducting such studies pursuant to such agreement shall be
19 adopted by the other agency, and such other agency shall
20 not independently prepare another environmental impact
21 statement or duplicate such studies with respect to such
22 portion of such plan, but the Federal Energy Regulatory
23 Commission, in connection with its review of an applica-
24 tion for a certificate of public convenience and necessity
25 applicable to such transportation facilities pursuant to sec-

tion 7 of the Natural Gas Act (15 U.S.C. 717f), may prepare such environmental studies or statement relevant to certification of such transportation facilities as have not been covered by an environmental impact statement or studies prepared by the Secretary. The Secretary, in consultation with the Federal Energy Regulatory Commission, shall promulgate rules to implement this subsection, but the Federal Energy Regulatory Commission shall retain sole authority with respect to rules and procedures applicable to the filing of any application with the Commission and to all aspects of the Commission's review of, and action on, any such application."

**SEC. 17. TERMINATION OF EFFECT OF LAWS PROHIBITING
THE SPENDING OF APPROPRIATED FUNDS
FOR CERTAIN PURPOSES.**

(a) OUTER CONTINENTAL SHELF.—All provisions of existing Federal law prohibiting the spending of appropriated funds to conduct oil and natural gas leasing and preleasing activities, or to issue a lease to any person, for any area of the outer Continental Shelf shall have no force or effect.

(b) OIL SHALE AND TAR SANDS.—Section 433 of the Consolidated Appropriations Act, 2008, and all other provisions of existing Federal law prohibiting the spending of appropriated funds to issue final commercial leasing

1 regulations or to perform any other function related to
2 section 369 of the Energy Policy Act of 2005 shall have
3 no force or effect.

4 **SEC. 18. OUTER CONTINENTAL SHELF INCOMPATIBLE USE.**

5 (a) IN GENERAL.—No Federal agency may permit
6 construction or operation (or both) of any facility, or des-
7 ignate or maintain a restricted transportation corridor or
8 operating area on the Federal outer Continental Shelf or
9 in State waters, that will be incompatible with, as deter-
10 mined by the Secretary of the Interior, oil and gas or nat-
11 ural gas leasing and substantially full exploration and pro-
12 duction of tracts that are geologically prospective for oil
13 or natural gas (or both).

14 (b) EXCEPTIONS.—Subsection (a) shall not apply to
15 any facility, transportation corridor, or operating area the
16 construction, operation, designation, or maintenance of
17 which is or will be—

18 (1) located in an area of the outer Continental
19 Shelf that is unavailable for oil and gas or natural
20 gas leasing by operation of Federal law;

21 (2) used for a military readiness activity (as de-
22 fined in section 315(f) of Public Law 107–314; 16
23 U.S.C. 703 note); or

24 (3) required in the national interest, as deter-
25 mined by the President.

1 **SEC. 19. REPURCHASE OF CERTAIN LEASES.**

2 (a) **AUTHORITY TO REPURCHASE AND CANCEL CER-**
3 **TAIN LEASES.**—The Secretary of the Interior shall repur-
4 chase and cancel any Federal oil and gas, geothermal,
5 coal, oil shale, tar sands, or other mineral lease, whether
6 onshore or offshore, but not including any outer Conti-
7 nental Shelf oil and gas leases that were subject to litiga-
8 tion in the Court of Federal Claims on January 1, 2008,
9 if the Secretary finds that such lease qualifies for repur-
10 chase and cancellation under the regulations authorized
11 by this section.

12 (b) **REGULATIONS.**—Not later than 365 days after
13 the date of enactment of this Act, the Secretary shall pub-
14 lish a final regulation stating the conditions under which
15 a lease referred to in subsection (a) would qualify for re-
16 purchase and cancellation, and the process to be followed
17 regarding repurchase and cancellation. Such regulation
18 shall include, but not be limited to, the following:

19 (1) The Secretary shall repurchase and cancel
20 a lease after written request by the lessee upon a
21 finding by the Secretary that—

22 (A) a request by the lessee for a required
23 permit or other approval complied with applica-
24 ble law, except the Coastal Zone Management
25 Act of 1972 (16 U.S.C. 1451 et seq.), and

1 terms of the lease, and such permit or other ap-
2 proval was denied;

3 (B) a Federal agency failed to act on a re-
4 quest by the lessee for a required permit, other
5 approval, or administrative appeal within a reg-
6 ulatory or statutory timeframe associated with
7 the requested action, whether advisory or man-
8 datory, or if none, within 180 days; or

9 (C) a Federal agency attached a condition
10 of approval, without agreement by the lessee, to
11 a required permit or other approval if such con-
12 dition of approval was not mandated by Federal
13 statute or regulation in effect on the date of
14 lease issuance, or was not specifically allowed
15 under the terms of the lease.

16 (2) A lessee shall not be required to exhaust ad-
17 ministrative remedies regarding a permit request,
18 administrative appeal, or other required request for
19 approval for the purposes of this section.

20 (3) The Secretary shall make a final agency de-
21 cision on a request by a lessee under this section
22 within 180 days of request.

23 (4) Compensation to a lessee to repurchase and
24 cancel a lease under this section shall be the amount

1 that a lessee would receive in a restitution case for
2 a material breach of contract.

3 (5) Compensation shall be in the form of a
4 check or electronic transfer from the Department of
5 the Treasury from funds deposited into miscella-
6 neous receipts under the authority of the same Act
7 that authorized the issuance of the lease being re-
8 purchased.

9 (6) Failure of the Secretary to make a final
10 agency decision on a request by a lessee under this
11 section within 180 days of request shall result in a
12 10 percent increase in the compensation due to the
13 lessee if the lease is ultimately repurchased.

14 (c) NO PREJUDICE.—This section shall not be inter-
15 preted to prejudice any other rights that the lessee would
16 have in the absence of this section.

17 **SEC. 20. OFFSITE ENVIRONMENTAL MITIGATION.**

18 Notwithstanding any other provision of law, any per-
19 son conducting activities under the Mineral Leasing Act
20 (30 U.S.C. 181 et seq.), the Geothermal Steam Act (30
21 U.S.C. 1001 et seq.), the Mineral Leasing Act for Ac-
22 quired Lands (30 U.S.C. 351 et seq.), the Weeks Act (16
23 U.S.C. 552 et seq.), the General Mining Act of 1872 (30
24 U.S.C. 22 et seq.), the Materials Act of 1947 (30 U.S.C.
25 601 et seq.), or the Outer Continental Shelf Lands Act

1 (43 U.S.C. 1331 et seq.), may in satisfying any mitigation
 2 requirements associated with such activities propose miti-
 3 gation measures on a site away from the area impacted
 4 and the Secretary of the Interior shall accept these pro-
 5 posed measures if the Secretary finds that they generally
 6 achieve the purposes for which mitigation measures apper-
 7 tained.

8 **SEC. 21. REGULATION OF ONSHORE SURFACE-DISTURBING**
 9 **ACTIVITIES.**

10 Section 17(g) of the Mineral Leasing Act (30 U.S.C.
 11 226(g)) is amended to read as follows:

12 “(g) REGULATION OF SURFACE-DISTURBING ACTIVI-
 13 TIES.—

14 “(1) REGULATION OF SURFACE-DISTURBING
 15 ACTIVITIES.—The Secretary of the Interior, or for
 16 National Forest lands, the Secretary of Agriculture,
 17 shall regulate all surface-disturbing activities con-
 18 ducted pursuant to any lease issued under this Act,
 19 and shall determine reclamation and other actions as
 20 required in the interest of conservation of surface re-
 21 sources.

22 “(2) SUBMISSION OF EXPLORATION PLAN; COM-
 23 PLETION REVIEW; COMPLIANCE REVIEW.—

24 “(A) Prior to beginning oil and gas explo-
 25 ration activities, a lessee shall submit an explo-

1 ration plan to the Secretary of the Interior for
2 review.

3 “(B) The Secretary shall review the plan
4 for completeness within 10 days of submission.

5 “(C) In the event the exploration plan is
6 determined to be incomplete, the Secretary shall
7 notify the lessee in writing and specify the
8 items or information needed to complete the ex-
9 ploration plan.

10 “(D) The Secretary shall have 10 days to
11 review any modified exploration plan submitted
12 by the lessee.

13 “(E) To be deemed complete, an explo-
14 ration plan shall include, in the degree of detail
15 to be determined by the Secretary by rule or
16 regulation—

17 “(i) a drilling plan containing a de-
18 scription of the drilling program;

19 “(ii) the surface and projected com-
20 pletion zone location;

21 “(iii) pertinent geologic data;

22 “(iv) expected hazards, and proposed
23 mitigation measures to address such haz-
24 ards;

1 “(v) a schedule of anticipated explo-
2 ration activities to be undertaken;

3 “(vi) a description of equipment to be
4 used for such activities;

5 “(vii) a certification from the lessee
6 stating that the exploration plan complies
7 with all lease, regulatory and statutory re-
8 quirements in effect on the date of the
9 issuance of the lease and any regulations
10 promulgated after the date of lease
11 issuance related to the conservation of re-
12 sources;

13 “(viii) evidence that the lessee has se-
14 cured an adequate bond, surety, or other
15 financial arrangement prior to commence-
16 ment of any surface disturbing activity;

17 “(ix) a plan that details the complete
18 and timely reclamation of the lease tract;
19 and

20 “(x) such other relevant information
21 as the Secretary may by regulation require.

22 “(F) Upon a determination that the explo-
23 ration plan is complete, the Secretary shall have
24 30 days from the date the plan is deemed com-
25 plete to conduct a review of the plan.

1 “(G) If the Secretary finds the exploration
2 plan is not consistent with all statutory and
3 regulatory requirements described in subpara-
4 graph (E)(vii), the Secretary shall notify the
5 lessee with a detailed explanation of such modi-
6 fications of the exploration plan as are nec-
7 essary to achieve compliance.

8 “(H) The lessee shall not take any action
9 under the exploration plan within a 30 day re-
10 view period, or thereafter until the plan has
11 been modified to achieve compliance as so noti-
12 fied.

13 “(I) After review by the Secretary provided
14 by this subsection, a lessee may operate pursu-
15 ant to the plan without further review or ap-
16 proval by the Secretary.

17 “(3) PLAN REVISIONS; CONDUCT OF EXPLO-
18 RATION ACTIVITIES.—

19 “(A) If a significant revision of an explo-
20 ration plan under this subsection is submitted
21 to the Secretary, the process to be used for the
22 review of such revision shall be the same as set
23 forth in paragraph (1) of this subsection.

24 “(B) All exploration activities pursuant to
25 any lease shall be conducted in accordance with

1 an exploration plan that has been submitted to
2 and reviewed by the Secretary or a revision of
3 such plan.

4 “(4) SUBMISSION OF DEVELOPMENT AND PRO-
5 Duction PLAN; COMPLETENESS REVIEW; COMPLI-
6 ANCE REVIEW.—

7 “(A) Prior to beginning oil and gas devel-
8 opment and production activities, a lessee shall
9 submit a development and exploration plan to
10 the Secretary of the Interior. Upon submission,
11 such plans shall be subject to a review for com-
12 pleteness.

13 “(B) The Secretary shall review the plan
14 for completeness within 30 days of submission.

15 “(C) In the event a development and pro-
16 duction plan is determined to be incomplete, the
17 Secretary shall notify the lessee in writing and
18 specify the items or information needed to com-
19 plete the plan.

20 “(D) The Secretary shall have 30 days to
21 review for completeness any modified develop-
22 ment and production plan submitted by the les-
23 see.

24 “(E) To be deemed complete, a develop-
25 ment and production plan shall include, in the

1 degree of detail to be determined by the Sec-
2 retary by rule or regulation—

3 “(i) a drilling plan containing a de-
4 scription of the drilling program;

5 “(ii) the surface and projected com-
6 pletion zone location;

7 “(iii) pertinent geologic data;

8 “(iv) expected hazards, and proposed
9 mitigation measures to address such haz-
10 ards;

11 “(v) a statement describing all facili-
12 ties and operations proposed by the lessee
13 and known by the lessee (whether or not
14 owned or operated by such lessee) that
15 shall be constructed or utilized in the de-
16 velopment and production of oil or gas
17 from the leases areas, including the loca-
18 tion and site of such facilities and oper-
19 ations, the land, labor, material, and en-
20 ergy requirements associated with such fa-
21 cilities and operations;

22 “(vi) the general work to be per-
23 formed;

24 “(vii) the environmental safeguards to
25 be implemented in connection with the de-

1 velopment and production and how such
2 safeguards are to be implemented;

3 “(viii) all safety standards to be met
4 and how such standards are to be met;

5 “(ix) an expected rate of development
6 and production and a time schedule for
7 performance;

8 “(x) a certification from the lessee
9 stating that the development and produc-
10 tion plan complies with all lease, regu-
11 latory, and statutory requirements in effect
12 on the date of issuance of the lease, and
13 any regulations promulgated after the date
14 of lease issuance related to the conserva-
15 tion of resources;

16 “(xi) evidence that the lessee has se-
17 cured an adequate bond, surety, or other
18 financial arrangement prior to commence-
19 ment of any surface disturbing activity;

20 “(xii) a plan that details the complete
21 and timely reclamation of the lease tract;
22 and

23 “(xiii) such other relevant information
24 as the Secretary may by regulation require.

1 “(F) Upon a determination that the devel-
2 opment and production plan is complete, the
3 Secretary shall have 120 days from the date the
4 plan is deemed complete to conduct a review of
5 the plan.

6 “(G) If the Secretary finds the develop-
7 ment and production plan is not consistent with
8 all statutory and regulatory requirements de-
9 scribed in subparagraph (E)(x), the Secretary
10 shall notify the lessee with a detailed expla-
11 nation of such modifications of the development
12 and production plan as are necessary to achieve
13 compliance.

14 “(H) The lessee shall not take any action
15 under the development and production plan
16 within a 120 day review period, or thereafter
17 until the plan has been modified to achieve
18 compliance as so notified.

19 “(5) PLAN REVISIONS; CONDUCT OF DEVELOP-
20 MENT AND PRODUCTION ACTIVITIES.—

21 “(A) If a significant revision of a develop-
22 ment and production plan under this subsection
23 is submitted to the Secretary, the process to be
24 used for the review of such revision shall be the

1 same as set forth in paragraph (4) of this sub-
 2 section.

3 “(B) All development and production ac-
 4 tivities pursuant to any lease shall be conducted
 5 in accordance with a development and produc-
 6 tion plan that has been submitted to and re-
 7 viewed by the Secretary or a revision of such
 8 plan.

9 “(6) CANCELLATION OF LEASE ON FAILURE TO
 10 SUBMIT PLAN OR COMPLY WITH APPROVED PLAN.—
 11 Whenever the owner of any lease fails to submit a
 12 plan in accordance with regulations issued under
 13 this section, or fails to comply with a plan, the lease
 14 may be canceled in accordance with section 31. Ter-
 15 mination of a lease because of failure to comply with
 16 a plan, including required modifications or revisions,
 17 shall not entitle a lessee to any compensation.”.

18 **SEC. 22. AUTHORITY TO USE DECOMMISSIONED OFFSHORE**
 19 **OIL AND GAS PLATFORMS AND OTHER FA-**
 20 **CILITIES FOR ARTIFICIAL REEF, SCIENTIFIC**
 21 **RESEARCH, OR OTHER USES.**

22 (a) SHORT TITLE.—This section may be cited as the
 23 “Rigs to Reefs Act of 2008”.

1 (b) IN GENERAL.—The Outer Continental Shelf
2 Lands Act (43 U.S.C. 1301 et seq.) is amended by insert-
3 ing after section 9 the following:

4 **“SEC. 10. USE OF DECOMMISSIONED OFFSHORE OIL AND**
5 **GAS PLATFORMS AND OTHER FACILITIES**
6 **FOR ARTIFICIAL REEF, SCIENTIFIC RE-**
7 **SEARCH, OR OTHER USES.**

8 “(a) IN GENERAL.—The Secretary shall issue regula-
9 tions under which the Secretary may authorize use of an
10 offshore oil and gas platform or other facility that is de-
11 commissioned from service for oil and gas purposes for
12 an artificial reef, scientific research, or any other use au-
13 thorized under section 8(p) or any other applicable Fed-
14 eral law.

15 “(b) TRANSFER REQUIREMENTS.—The Secretary
16 shall not allow the transfer of a decommissioned offshore
17 oil and gas platform or other facility to another person
18 unless the Secretary is satisfied that the transferee is suf-
19 ficiently bonded, endowed, or otherwise financially able to
20 fulfill its obligations, including but not limited to—

- 21 “(1) ongoing maintenance of the platform or
22 other facility;
23 “(2) any liability obligations that might arise;
24 “(3) removal of the platform or other facility if
25 determined necessary by the Secretary; and

1 “(4) any other requirements and obligations
2 that the Secretary may deem appropriate by regula-
3 tion.

4 “(c) PLUGGING AND ABANDONMENT.—The Sec-
5 retary shall ensure that plugging and abandonment of
6 wells is accomplished at an appropriate time.

7 “(d) POTENTIAL TO PETITION TO OPT-OUT OF REG-
8 ULATIONS.—An Adjacent State acting through a resolu-
9 tion of its legislature, with concurrence of its Governor,
10 may preliminarily petition to opt-out of the application of
11 regulations promulgated under this section to platforms
12 and other facilities located in the area of its Adjacent Zone
13 within 12 miles of the coastline. Upon receipt of the pre-
14 liminary petition, the Secretary shall complete an environ-
15 mental assessment that documents the anticipated envi-
16 ronmental effects of approving the petition. The Secretary
17 shall provide the environmental assessment to the State,
18 which then has the choice of no action or confirming its
19 petition by further action of its legislature, with the con-
20 currence of its Governor. The Secretary is authorized to
21 except such area from the application of such regulations,
22 and shall approve any confirmed petition.

23 “(e) LIMITATION ON LIABILITY.—A person that had
24 used an offshore oil and gas platform or other facility for
25 oil and gas purposes and that no longer has any ownership

1 or control of the platform or other facility shall not be
2 liable under Federal law for any costs or damages arising
3 from such platform or other facility after the date the plat-
4 form or other facility is used for any purpose under sub-
5 section (a), unless such costs or damages arise from—

6 “(1) use of the platform or other facility by the
7 person for development or production of oil or gas;
8 or

9 “(2) another act or omission of the person.

10 “(f) OTHER LEASING AND USE NOT AFFECTED.—

11 This section, and the use of any offshore oil and gas plat-
12 form or other facility for any purpose under subsection
13 (a), shall not affect—

14 “(1) the authority of the Secretary to lease any
15 area under this Act; or

16 “(2) any activity otherwise authorized under
17 this Act.”.

18 (c) DEADLINE FOR REGULATIONS.—The Secretary of
19 the Interior shall issue regulations under subsection (b)
20 by not later than 180 days after the date of enactment
21 of this Act.

22 (d) STUDY AND REPORT ON EFFECTS OF REMOVAL
23 OF PLATFORMS.—Not later than one year after the date
24 of enactment of this Act, the Secretary of the Interior,
25 in consultation with other Federal agencies as the Sec-

1 retary deems advisable, shall study and report to the Con-
2 gress regarding how the removal of offshore oil and gas
3 platforms and other facilities from the outer Continental
4 Shelf would affect existing fish stocks and coral popu-
5 lations.

6 **SEC. 23. OCS REGIONAL HEADQUARTERS.**

7 Not later than July 1, 2011, the Secretary of the In-
8 terior shall establish the headquarters for the Atlantic
9 OCS Region and the headquarters for the Pacific OCS
10 Region within a State bordering the Atlantic OCS Region
11 and a State bordering the Pacific OCS Region, respec-
12 tively, from among the States bordering those Regions,
13 that petitions by no later than January 1, 2011, for leas-
14 ing, for oil and gas or natural gas, covering at least 40
15 percent of the area of its Adjacent Zone within 75 miles
16 of the coastline. Such Atlantic and Pacific OCS Regions
17 headquarters shall be located within 25 miles of the coast-
18 line and each MMS OCS regional headquarters shall be
19 the permanent duty station for all Minerals Management
20 Service personnel that on a daily basis spend on average
21 60 percent or more of their time in performance of duties
22 in support of the activities of the respective Region, except
23 that the Minerals Management Service may house regional
24 inspection staff in other locations. Each OCS Region shall

1 each be led by a Regional Director who shall be an em-
 2 ployee within the Senior Executive Service.

3 **SEC. 24. OIL SHALE AND TAR SANDS AMENDMENTS.**

4 (a) ROYALTY RATES FOR LEASES.—Section 369(o)
 5 of the Energy Policy Act of 2005 (Public Law 109–58;
 6 119 Stat. 728; 42 U.S.C. 15927) is amended by desig-
 7 nating the existing language as (1), by redesignating the
 8 existing (1) and (2) as (A) and (B), respectively, and by
 9 adding a new paragraph (2), as follows:

10 “(2) DEFAULT PROVISIONS.—In the absence of
 11 the issuance of regulations or other designation by
 12 the Secretary, the following shall be the royalties,
 13 fees, rentals, bonus provisions and other payments
 14 for research, development and demonstration leases,
 15 and commercial leases, issued under the authority of
 16 this section:

17 “(A) ROYALTY RATES FOR COMMERCIAL
 18 LEASES.—

19 “(i) ROYALTY RATES.—The royalty
 20 rate for commercial leases shall be 15% of
 21 the value of production at the first sale.

22 “(ii) REDUCTION.—The royalty rate
 23 fixed in the lease shall be reduced up to 5
 24 per centum as follows:

1 “(I) 100 per centum of this
2 amount if the lease is brought to first
3 sustained production within 3 years
4 after issuance of the lease.

5 “(II) 80 per centum of this
6 amount if the lease is brought to first
7 sustained production between 3 and 4
8 years after issuance of the lease.

9 “(III) 60 per centum of this
10 amount if the lease is brought to first
11 sustained production between 4 and 5
12 years after issuance of the lease.

13 “(IV) 40 per centum of this
14 amount if the lease is brought to first
15 sustained production between 5 and 6
16 years after issuance of the lease.

17 “(V) 20 per centum of this
18 amount if the lease is brought to first
19 sustained production between 6 and 7
20 years after issuance of the lease.

21 “(B) ROYALTY RATES FOR RESEARCH, DE-
22 VELOPMENT, AND DEMONSTRATION LEASES.—

23 “(i) ROYALTY RATES.—The royalty
24 rate for research, development, and dem-
25 onstration leases that have been converted

1 to full-sized leases shall be 12 percent of
2 the value of production at the first sale.

3 “(ii) REDUCTION.—The royalty rate
4 fixed in the lease shall be reduced up to 3
5 per centum as follows:

6 “(I) 100 per centum of this
7 amount if the lease is brought to first
8 sustained production within 3 years
9 after conversion to a full-sized lease.

10 “(II) 80 per centum of this
11 amount if the lease is brought to first
12 sustained production between 3 and 4
13 years after conversion to a full-sized
14 lease.

15 “(III) 60 per centum of this
16 amount if the lease is brought to first
17 sustained production between 4 and 5
18 years after conversion to a full-sized
19 lease.

20 “(IV) 40 per centum of this
21 amount if the lease is brought to first
22 sustained production between 5 and 6
23 years after conversion to a full-sized
24 lease.

1 “(V) 20 per centum of this
2 amount if the lease is brought to first
3 sustained production between 6 and 7
4 years after conversion to a full-sized
5 lease.

6 “(C) OTHER PROVISIONS.—Commercial
7 tracts shall be leased to the highest bidder
8 based on sealed bids. The provisions for depos-
9 its, rentals, fees, and other matters shall be the
10 same for commercial oil shale and tar sands
11 leases as for oil and gas leases under the Min-
12 eral Leasing Act.”.

13 (b) TREATMENT OF RECEIPTS.—Section 21 of the
14 Mineral Leasing Act (30 U.S.C. 241) is amended by add-
15 ing at the end the following:

16 “(e) RECEIPTS.—

17 “(1) IN GENERAL.—Notwithstanding the provi-
18 sions of section 35, all funds received from and
19 under an oil shale or tar sands lease shall be dis-
20 posed of as provided in this subsection.

21 “(2) DISPOSITION OF RECEIPTS.—

22 “(A) DEPOSIT.—The Secretary shall de-
23 posit into a separate account in the Treasury
24 all receipts derived from any oil shale or tar
25 sands lease.

1 “(B) ALLOCATIONS TO STATES AND LOCAL
2 POLITICAL SUBDIVISIONS.—The Secretary shall
3 allocate 50 percent of the receipts deposited
4 into the account established under subpara-
5 graph (A) to the State within the boundaries of
6 which the leased lands are located, with a por-
7 tion of that to be paid directly by the Secretary
8 to the State’s local political subdivisions as pro-
9 vided in this paragraph.

10 “(C) TRANSMISSION OF ALLOCATIONS.—

11 “(i) IN GENERAL.—Not later than the
12 last business day of the month after the
13 month in which the revenues were received,
14 the Secretary shall transmit—

15 “(I) to each State two-thirds of
16 such State’s allocations under sub-
17 paragraph (B), and in accordance
18 with clauses (ii) and (iii) to certain
19 county-equivalent and municipal polit-
20 ical subdivisions of such State a total
21 of one-third of such State’s allocations
22 under subparagraph (B), together
23 with all accrued interest thereon; and

24 “(II) the remaining balance of
25 such receipts deposited into the ac-

count that are not allocated under subparagraph (B), together with interest thereon, shall be transmitted to the miscellaneous receipts account of the Treasury, except that until a lease has been in production for 20 years 20 percent of such remaining balance derived from a lease shall be paid in accordance with subclause (I).

“(ii) ALLOCATIONS TO CERTAIN COUNTY-EQUIVALENT POLITICAL SUBDIVISIONS.—The Secretary shall under clause (i)(I) make equitable allocations of the receipts to county-equivalent political subdivisions that the Secretary determines are closely associated with the leasing and production of oil shale and tar sands, under a formula that the Secretary shall determine by regulation.

“(iii) ALLOCATIONS TO MUNICIPAL POLITICAL SUBDIVISIONS.—The initial allocation to each county-equivalent political subdivision under clause (ii) shall be further allocated to the county-equivalent political subdivision and any municipal polit-

1 ical subdivisions located partially or wholly
2 within the boundaries of the county-equiva-
3 lent political subdivision on an equitable
4 basis under a formula that the Secretary
5 shall determine by regulation.

6 “(D) INVESTMENT OF DEPOSITS.—The de-
7 posits in the Treasury account established
8 under this section shall be invested by the Sec-
9 retary of the Treasury in securities backed by
10 the full faith and credit of the United States
11 having maturities suitable to the needs of the
12 account and yielding the highest reasonably
13 available interest rates as determined by the
14 Secretary of the Treasury.

15 “(E) USE OF FUNDS.—A recipient of
16 funds under this subsection may use the funds
17 for any lawful purpose as determined by State
18 law. Funds allocated under this subsection to
19 States and local political subdivisions may be
20 used as matching funds for other Federal pro-
21 grams without limitation. Funds allocated to
22 local political subdivisions under this subsection
23 may not be used in calculation of payments to
24 such local political subdivisions under programs

1 for payments in lieu of taxes or other similar
2 programs.

3 “(F) NO ACCOUNTING REQUIRED.—No re-
4 cipient of funds under this subsection shall be
5 required to account to the Federal Government
6 for the expenditure of such funds, except as
7 otherwise may be required by law.

8 “(3) DEFINITIONS.—In this subsection:

9 “(A) COUNTY-EQUIVALENT POLITICAL
10 SUBDIVISION.—The term ‘county-equivalent po-
11 litical subdivision’ means a political jurisdiction
12 immediately below the level of State govern-
13 ment, including a county, parish, borough in
14 Alaska, independent municipality not part of a
15 county, parish, or borough in Alaska, or other
16 equivalent subdivision of a State.

17 “(B) MUNICIPAL POLITICAL SUBDIVI-
18 SION.—The term ‘municipal political subdivi-
19 sion’ means a municipality located within and
20 part of a county, parish, borough in Alaska, or
21 other equivalent subdivision of a State.”.

22 (c) INTERAGENCY COORDINATION AND EXPEDITIOUS
23 REVIEW OF PERMITTING PROCESS.—

24 (1) DEPARTMENT OF INTERIOR AS LEAD AGEN-
25 CY.—Upon written request of a prospective applicant

1 for Federal authorization to develop a proposed oil
2 shale or tar sands project, the Department shall act
3 as the lead Federal agency for the purposes of co-
4 ordinating all applicable Federal authorizations and
5 environmental reviews. To the maximum extent
6 practicable under applicable Federal law, the Sec-
7 retary shall coordinate this Federal authorization
8 and review process with any Indian tribes and State
9 and local agencies responsible for conducting any
10 separate permitting and environmental reviews.

11 (2) SCHEDULE.—The Secretary, in coordination
12 with the agencies with authority over Federal au-
13 thorizations and, as appropriate, with Indian tribes
14 and State and local agencies that are willing to co-
15 ordinate their separate permitting and environ-
16 mental reviews with the Federal authorizations and
17 environmental reviews, shall establish a schedule
18 with prompt and binding intermediate and ultimate
19 deadlines, not to exceed 18 months from the date of
20 the written request, for the review of, and Federal
21 authorization decisions relating to, oil shale or tar
22 sands project development and operation.

23 (3) CONSOLIDATED ENVIRONMENTAL RE-
24 VIEW.—If the Department determines that two or
25 more environmental impact statements are required,

1 the Department shall consolidate all or some of such
2 statements in order to promote efficiency and timeli-
3 ness in the permitting process to the extent prac-
4 ticable. The Department may consolidate the envi-
5 ronmental reviews of any Federal agency considering
6 any aspect of the proposed oil shale or tar sands
7 project including ancillary surface processing facili-
8 ties, electric generation or transmission facilities,
9 and other related facilities.

10 (4) APPEALS.—In the event any agency has de-
11 nied a Federal authorization required for an oil
12 shale or tar sands project, or has failed to act by a
13 deadline established by the Secretary pursuant to
14 paragraph (2) for deciding whether to issue the Fed-
15 eral authorization, the applicant or any State in
16 which the proposed oil shale or tar sands project
17 would be located may file an appeal with the Sec-
18 retary. In consultation with the affected agency, the
19 Secretary may then either issue the necessary Fed-
20 eral authorization with appropriate conditions, or
21 deny the appeal. The Secretary shall issue a decision
22 within 60 days after the filing of the appeal.

23 (5) CONFORMING REGULATIONS.—Not later
24 than 6 months after the date of enactment of this

1 Act, the Secretary shall issue any regulations nec-
2 essary to implement this section.

3 (d) OIL SHALE AND TAR SANDS LAND EX-
4 CHANGES.—Section 206 of the Federal Land Policy and
5 Management Act of 1976 (43 U.S.C. 1716), is hereby
6 amended by adding the following new subsection:

7 “(j) OIL SHALE AND TAR SANDS LAND EX-
8 CHANGES.—For the purpose of promoting the economic
9 recovery of oil shale and tar sands resources, the Secretary
10 of the Interior shall identify and pursue to completion ex-
11 change and disposition of non-park, non-wilderness Fed-
12 eral lands, including lands having a non-Federal surface
13 owner, containing deposits of oil shale and/or tar sands.
14 The Secretary shall identify blocks of land containing oil
15 shale and/or tar sands deposits for the purpose of maxi-
16 mizing consolidation of land ownership, and mineral inter-
17 ests, into manageable blocks within the following geologic
18 basins located in Colorado, Utah, and Wyoming: Green
19 River, Piceance Creek, Uinta, and Washakie. The Sec-
20 retary shall consider the geology of the basin when deter-
21 mining the size of manageable blocks. The Secretary shall
22 conduct exchanges that are favorable to and in the overall
23 best interest of the United States.”.

24 (e) PROCUREMENT OF UNCONVENTIONAL FUELS.—
25 Section 2398a of title 10, United States Code, is amended

1 in subsection (d) by striking “1 or more” and inserting
2 “up to 25”.

3 **SEC. 25. BUY AND BUILD AMERICAN.**

4 (a) BUY AND BUILD AMERICAN.—It is the intention
5 of the Congress that this Act, among other things, results
6 in a healthy and growing American industrial, manufac-
7 turing, transportation, and service sector employing the
8 vast talents of America’s workforce to assist in the devel-
9 opment of affordable energy from the Outer Continental
10 Shelf. Moreover, the Congress intends to monitor the de-
11 ployment of personnel and material in the Outer Conti-
12 nental Shelf to encourage the development of American
13 technology and manufacturing to enable United States
14 workers to benefit from this Act by good jobs and careers,
15 as well as the establishment of important industrial facili-
16 ties to support expanded access to American resources.

17 (b) SAFEGUARD FOR EXTRAORDINARY ABILITY.—
18 Section 30(a) of the Outer Continental Shelf Lands Act
19 (43 U.S.C. 1356(a)) is amended in the matter preceding
20 paragraph (1) by striking “regulations which” and insert-
21 ing “regulations that shall be supplemental and com-
22 plimentary with and under no circumstances a substi-
23 tution for the provisions of the Constitution and laws of
24 the United States extended to the subsoil and seabed of
25 the outer Continental Shelf pursuant to section 4(a)(1)

1 of this Act, except insofar as such laws would otherwise
 2 apply to individuals who have extraordinary ability in the
 3 sciences, arts, education, or business, which has been dem-
 4 onstrated by sustained national or international acclaim,
 5 and that”.

6 **SEC. 26. REPEAL OF THE GULF OF MEXICO ENERGY SECU-**
 7 **RITY ACT OF 2006.**

8 The Gulf of Mexico Energy Security Act of 2006 is
 9 repealed effective October 1, 2008, except the Secretary
 10 of the Interior shall make any payments to State and local
 11 governments based on FY2008 receipts under the Gulf of
 12 Mexico Energy Security Act of 2006.

13 **SEC. 27. ROYALTY-IN-KIND.**

14 Section 27 of the Outer Continental Shelf Lands Act
 15 (43 U.S.C. 1353) is amended as follows:

16 (1) By striking paragraph (3) of subsection (a)
 17 and replacing it with the following:

18 “(3) Title to any royalty or net profit share oil
 19 or gas from leases issued under this Act or the Min-
 20 eral Leasing Act may not be transferred by the Sec-
 21 retary to another Federal Government agency except
 22 by sale for cash at fair market value. If not pur-
 23 chased by another Federal Government agency, such
 24 oil and gas must be sold under subsections (b), (c),
 25 or (d). Proceeds from sales under this section shall

1 be treated as offsetting receipts and shall be subject
 2 to any receipts sharing provisions applicable to the
 3 leases from which the in-kind royalty or net profit
 4 share production was produced in the same manner
 5 as if it had been paid in value. After payment of
 6 such shared receipts to State and local governments,
 7 the Secretary shall deposit the remainder of the re-
 8 cepts from sales into the Treasury of the United
 9 States and they shall be credited to miscellaneous
 10 receipts.”.

11 (2) In the first sentence of subsection (d) strike
 12 “transferred” and insert “sold”.

13 **SEC. 28. MANDATORY ISSUANCE OF REGULATIONS PRO-**
 14 **MOTING PRODUCTION OF NATURAL GAS**
 15 **FROM GAS HYDRATES.**

16 (a) Section 353 of the Energy Policy Act of 2005 (42
 17 U.S.C. 15909) is amended as follows:

18 (1) In subsection (b)(1) strike “may” and in-
 19 sert “shall”.

20 (2) In subsection (b)(3) in the first sentence
 21 strike “if the Secretary determines that such royalty
 22 relief would encourage production”.

23 (3) In subsection (b)(4) by inserting at the end
 24 “when the price of natural gas on NYMEX (Henry

1 Hub) exceeds \$6.75/million btu (January 1, 2008
2 dollars)”).

3 (b) The Secretary shall issue the final regulations
4 under section 353 of the Energy Policy Act of 2005 not
5 later than 180 days after the date of enactment of the
6 Grow American Supply Act.

7 **SEC. 29. MANDATORY ISSUANCE OF REGULATIONS PRO-**
8 **MOTING ENHANCED OIL AND NATURAL GAS**
9 **PRODUCTION THROUGH CARBON DIOXIDE**
10 **INJECTION.**

11 (a) Subsection (b)(1) of section 354 of the Energy
12 Policy Act of 2005 (42 U.S.C. 15910) is amended to read
13 as follows:

14 “(1) IN GENERAL.—The Secretary shall under-
15 take a rulemaking to provide for reduction of the
16 royalty under a Federal oil and gas lease that is an
17 eligible lease.”.

18 (b) The Secretary shall issue the final regulations
19 under section 354 of the Energy Policy Act of 2005 not
20 later than 180 days after enactment of Grow American
21 Supply Act.

22 **SEC. 30. MINIMUM RENTAL RATES FOR FUTURE OIL, GAS,**
23 **AND COAL FEDERAL LEASES.**

24 Effective upon the date of enactment of the Grow
25 American Supply Act, the minimum annual rental rate for

1 oil and gas, oil shale, tar sands, and coal leases issued
2 after that date shall be no less than \$4.00 per acre for
3 the first 5 years, and increasing by \$1 per acre/per year
4 for each thereafter until the lessee begins to pay royalties
5 for leases under the Mineral Leasing Act (30 U.S.C. 181
6 et seq.), the Mineral Leasing Act for Acquired Lands (30
7 U.S.C. 351 et seq.), the Outer Continental Shelf Lands
8 Act (43 U.S.C. 1331 et seq.), and any other statute that
9 provides for the leasing of lands and waters owned and/
10 or controlled by the Federal Government for mineral ex-
11 ploration and production. Any increased rental receipts
12 under this section shall be treated as offsetting receipts.

13 **SEC. 31. OUTER CONTINENTAL SHELF DISCHARGES AND**
14 **EMISSIONS.**

15 The Secretary of the Interior shall require that all
16 operations related to oil and gas exploration, development,
17 and production on the outer Continental Shelf utilize the
18 best available and safest technology to minimize air emis-
19 sions and discharges into the water, including but not lim-
20 ited to drilling muds and fluids, unless the Minerals Man-
21 agement Service Regional Supervisor determines that the
22 interests of safety require such discharges or emissions.

23 **SEC. 32. ONSHORE OIL AND GAS ROYALTIES.**

24 (a) IN GENERAL.—Effective January 1, 2009, the
25 royalty rate for all new oil and gas leases issued under

1 the authority of the Mineral Leasing Act (30 U.S.C. 181
2 et seq.), the Mineral Leasing Act for Acquired Lands (30
3 U.S.C. 351 et seq.), and other statutes providing for the
4 issuance of oil and gas leases on public lands or other
5 lands containing mineral rights owned by the United
6 States Government, excluding the Outer Continental Shelf
7 Lands Act (43 U.S.C. 1331 et seq.), shall be fixed by the
8 Secretary at 15 per centum in the amount or value of pro-
9 duction saved, removed, or sold, subject to the following
10 adjustments—

11 (1) if the arithmetic average of the closing
12 prices on the New York Mercantile Exchange for
13 light sweet crude oil, or a similar index as deter-
14 mined by the Secretary, for the 365 days prior to
15 issuance of the final notice of lease sale exceeded
16 \$150.00 per barrel (in January 1, 2008, dollars),
17 the royalty rate shall be fixed by the Secretary at
18 $16\frac{1}{4}$ per centum in the amount or value of produc-
19 tion, removed, or sold;

20 (2) if the arithmetic average of the closing
21 prices on the New York Mercantile Exchange for
22 light sweet crude oil, or a similar index as deter-
23 mined by the Secretary, for the 365 days prior to
24 issuance of the final notice of lease sale was less
25 than \$75.00 per barrel (in January 1, 2008, dol-

1 lars), the royalty rate shall be fixed by the Secretary
2 at 13¾ per centum in the amount or value of pro-
3 duction, removed, or sold; and

4 (3) the royalty rate fixed in the lease shall be
5 reduced up to 4 per centum as follows: (A) 100 per
6 centum of this amount if the first production well is
7 spudded within 3 years after issuance of the lease,
8 (B) 75 per centum of this amount if the first pro-
9 duction well is spudded between 3 and 4 years after
10 issuance of the lease, (C) 50 per centum of this
11 amount if the first production well is spudded be-
12 tween 4 and 5 years after issuance of the lease, (D)
13 25 per centum of this amount if the first production
14 well is spudded between 5 and 6 years after issuance
15 of the lease.

16 (b) REDUCTION.—The Secretary may reduce the roy-
17 alty rate fixed under subsection (a) by up to 2 per centum
18 for tracts located in frontier areas, as determined by the
19 Secretary, if the Secretary finds that the royalty rate oth-
20 erwise fixed by subsection (a) would likely significantly re-
21 duce production resulting from use of such bidding system
22 in frontier areas.

23 (c) RATE FOR CERTAIN LEASES.—The royalty rate
24 for oil and gas leases in effect on January 1, 2009, that
25 have not spudded the first production well prior to July

1 1, 2008, issued under the authority of the Mineral Leasing
2 Act (30 U.S.C. 181 et seq.), the Mineral Leasing Act for
3 Acquired Lands (30 U.S.C. 351 et seq.), and other stat-
4 utes providing for the issuance of oil and gas leases on
5 public lands or other lands containing mineral rights
6 owned by the United States Government, excluding the
7 Outer Continental Shelf Lands Act (43 U.S.C. 1331 et
8 seq.) shall be reduced up to 2 per centum as follows:

9 (1) 100 per centum of this amount if the first
10 production well is spudded within 3 years after
11 issuance of the lease,

12 (2) 75 per centum of this amount if the first
13 production well is spudded between 3 and 4 years
14 after issuance of the lease,

15 (3) 50 per centum of this amount if the first
16 production well is spudded between 4 and 5 years
17 after issuance of the lease, and

18 (4) 25 per centum of this amount if the first
19 production well is spudded between 5 and 6 years
20 after issuance of the lease.

21 **SEC. 33. OCS JOINT PERMITTING OFFICES.**

22 (a) ESTABLISHMENT.—The Secretary of the Interior
23 (referred to in this section as the “Secretary”) shall estab-
24 lish Federal OCS Joint Regional Permitting Offices (re-

1 ferred to in this section as the “Regional Permitting Of-
2 fices”).

3 (b) MEMORANDUM OF UNDERSTANDING.—Not later
4 than 90 days after the date of enactment of this Act, the
5 Secretary shall enter into a memorandum of under-
6 standing for purposes of this section with—

7 (1) the Secretary of Commerce;

8 (2) the Administrator of the Environmental
9 Protection Agency; and

10 (3) the Chief of Engineers.

11 (c) DESIGNATION OF QUALIFIED STAFF.—

12 (1) IN GENERAL.—Not later than 30 days after
13 the date of the signing of the memorandum of un-
14 derstanding under subsection (b), all Federal signa-
15 tory parties shall assign to each of the Regional Per-
16 mitting Offices identified in subsection (d) a suffi-
17 cient number of employees with expertise to address
18 the full spectrum of agency regulatory issues relat-
19 ing to the Regional Permitting Office in which the
20 employee is employed, including, as applicable, par-
21 ticular expertise in—

22 (A) the consultations and the preparation
23 of biological opinions under section 7 of the En-
24 dangered Species Act of 1973 (16 U.S.C.
25 1536);

1 (B) permits under section 404 of Federal
2 Water Pollution Control Act (33 U.S.C. 1344);

3 (C) regulatory matters under the Clean Air
4 Act (42 U.S.C. 7401 et seq.);

5 (D) the consultations and preparation of
6 documents under the Marine Mammals Protec-
7 tion Act; and

8 (E) the preparation of analyses under the
9 National Environmental Policy Act of 1969 (42
10 U.S.C. 4321 et seq.).

11 (2) DUTIES.—Each employee assigned under
12 paragraph (1) shall—

13 (A) not later than 90 days after the date
14 of assignment, report to the Minerals Manage-
15 ment Service Regional Director in the Regional
16 Permitting Office to which the employee is as-
17 signed;

18 (B) be responsible for all issues relating to
19 the jurisdiction of the home office or agency of
20 the employee; and

21 (C) participate as part of the team of per-
22 sonnel working on proposed energy projects,
23 planning, and environmental analyses.

1 (d) REGIONAL PERMITTING OFFICES.—The fol-
2 lowing Minerals Management Service Regional Head-
3 quarters shall serve as the Regional Permitting Offices:

4 (1) Anchorage, Alaska.

5 (2) New Orleans, Louisiana.

6 (3) MMS Pacific Regional Headquarters.

7 (4) MMS Atlantic Regional Headquarters.

8 (e) REPORTS.—Not later than 3 years after the date
9 of enactment of this Act, the Secretary shall submit to
10 Congress a report that outlines the results of the Regional
11 Permitting Offices to date.

12 (f) TRANSFER OF FUNDS.—For the purposes of co-
13 ordination and processing of oil and gas use authorizations
14 on the Federal outer Continental Shelf under the adminis-
15 tration of the Regional Permitting Offices identified in
16 subsection (d), the Secretary may authorize the expendi-
17 ture or transfer of such funds as are necessary to—

18 (1) the United States Fish and Wildlife Service;

19 (2) the Bureau of Indian Affairs;

20 (3) the Environmental Protection Agency;

21 (4) the National Oceanic and Atmospheric Ad-
22 ministration; and

23 (5) the Corps of Engineers.

